

APPENDIX R

Retail Demand Analysis

AGUA HEDIONDA SOUTH SHORE SPECIFIC PLAN FOR 85% OPEN SPACE AND 15% RETAIL

RETAIL DEMAND ANALYSIS CARLSBAD, CA

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The analyses, projections, assumptions, rates of return, and any examples presented herein are for illustrative purposes and are not a guarantee of actual and/or future results. Project pro forma and tax analyses are projections only. Actual results may differ materially from those expressed in this analysis.

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1.0 Executive Summary

The Agua Hedionda South Shore Specific Plan for 85% Open Space and 15% Retail (“Specific Plan”) includes the implementation of a mixed-use, visitor-serving commercial component at the northeast corner of the intersection of the Interstate-5 freeway and Cannon Road. Kosmont Companies (“Kosmont”) was retained to prepare a Retail Demand Analysis (“Analysis”) for the Specific Plan’s visitor-serving commercial component.

The Specific Plan will include a pedestrian-friendly visitor-serving Outdoor Shopping, Dining, and Entertainment Promenade, that together with supporting uses including a farm-to-table restaurant and farm stand will provide for a total of approximately 585,000 square feet of visitor-serving uses. Of this total, approximately 409,000 square feet will be for “Shopper Goods” retail (including the farm stand), 69,000 square feet will be for “Eating and Drinking” places (including the farm-to-table restaurant) and 46,000 square feet will be for “Food” (market) retail. The remaining square footage is comprised of approximately 10,000 square feet of office use, and an approximately 2,500 seat movie theater.

This Analysis evaluates the existing and projected demand for the various visitor serving commercial components within an approximately 25-minute drive of the proposed Specific Plan (“Trade Area”). Within the Trade Area, a primary market area (“PMA”) and a secondary market area (“SMA”) are identified as follows: the PMA consists of the area within a 10-minute drive of the Specific Plan and the SMA is comprised of the area within a 10- to 25-minute drive of the Specific Plan (exclusive of the PMA). These boundaries were established based on industry standard trade area metrics for commercial components similar in nature to the proposed Specific Plan, and Kosmont’s experience with consumer retail shopping patterns, with consideration given to the specific conditions within the greater Carlsbad area. The existing and projected retail demand within the Trade Area was then compared to the actual volume of sales, thereby establishing a net retail demand. The net retail demand was then compared to the retail supply that would be created should the Specific Plan be implemented.

It is Kosmont’s conclusion that based on the existing and projected retail supply and demand it is unlikely for the Specific Plan to have a negative impact on the existing retail establishments within the PMA or the overall Trade Area. Kosmont estimates that should the proposed Specific Plan be implemented in conjunction with all other currently-planned retail projects in the Trade Area, even with elevated sales levels, the PMA will remain underserved and maintain a net demand for additional retail square footage. When net demand exists, market conditions are generally favorable for retail businesses, and as a result retailers will not be forced to close for reasons related to insufficient demand. Should existing businesses close, it would likely occur on an intermittent/site-specific basis, and primarily for reasons unique to those businesses and not as a result of the Specific Plan. Further, as market conditions remain favorable based on the net demand for additional retail square footage, it is unlikely the Specific Plan will cause business closures and long-term vacancies, which would cause property owners to cease maintaining their properties and leave decaying, unoccupied shells. Further discussion follows herein.

2.0 Introduction

2.1 Purpose

Kosmont Companies (“Kosmont”) was retained to undertake a Retail Demand Analysis (“Analysis”) for a pedestrian-friendly visitor-serving Outdoor Shopping, Dining and Entertainment Promenade that is part of the Agua Hedionda South Shore Specific Plan for 85% Open Space and 15% Retail (“Specific Plan”) located at the northeast corner of the intersection of the Interstate-5 freeway and Cannon Road in the City of Carlsbad (“City” or “Carlsbad”).

The purpose of this Analysis is to examine existing retail market conditions and trends and evaluate the potential for future retail product to be constructed (including the implementation of the proposed Specific Plan). For the purposes of this Analysis, Kosmont established criteria to determine if the market impacts of the visitor-serving commercial component of the Specific Plan would be significant enough to create a lasting physical change in a market area, as follows:

- Any diversion of sales from existing retail facilities would be severe enough to result in a chain reaction of business closures and subsequent long-term vacancies;
- Business closures would be significant enough in scale (i.e., in terms of the total square footage affected and/or the loss of key “anchor” tenants) to affect the viability of existing shopping centers or districts; and
- Such impacted shopping centers or districts would deteriorate and lead to a decline in proximate real estate values.

2.2 Sources of Information

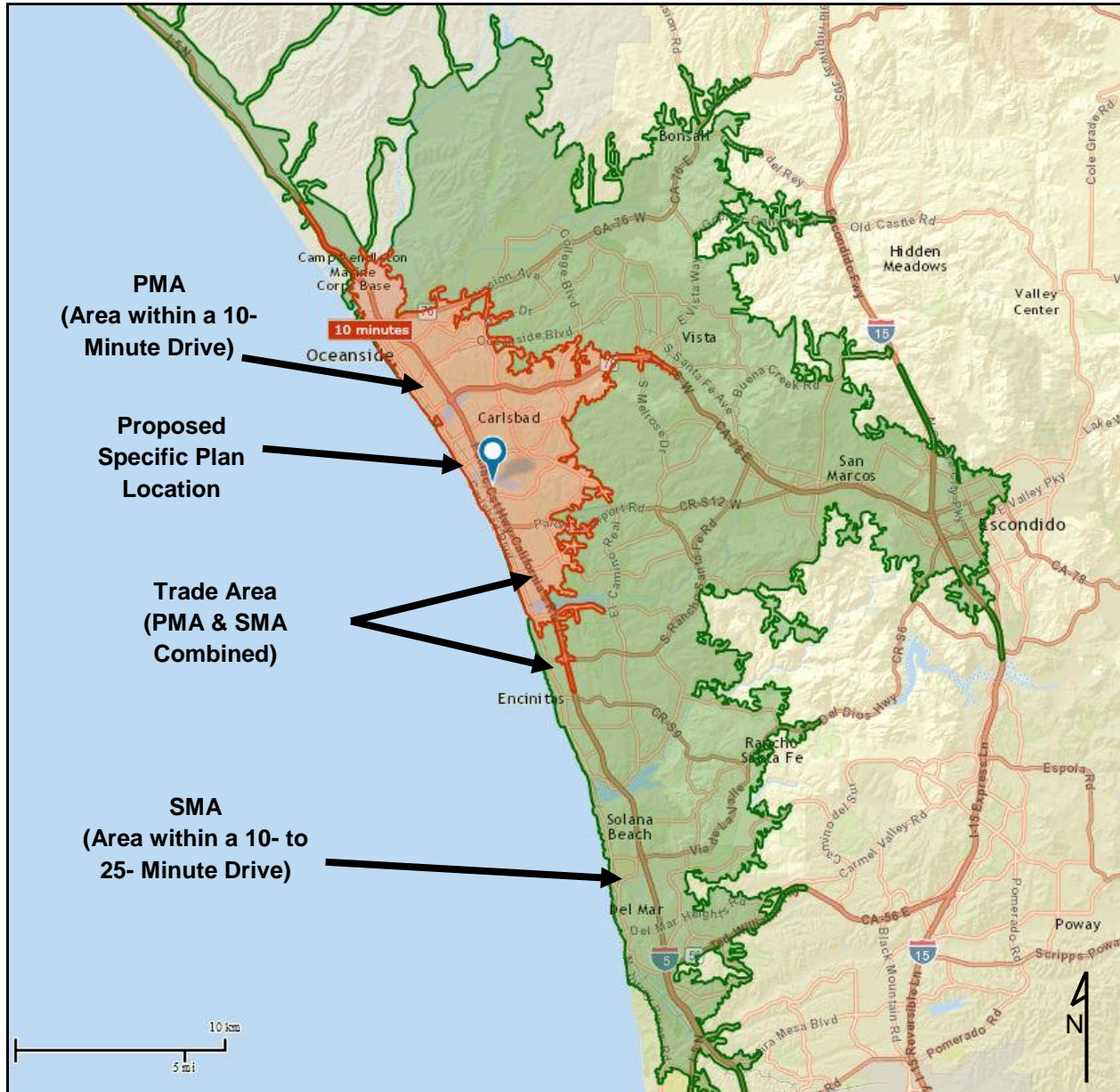
The Analysis utilizes information from the following sources:

- The City of Carlsbad, Del Mar, Encinitas, Escondido, Oceanside, Poway, San Diego, San Marcos, Solana Beach, Vista, and San Diego County
- Urban Land Institute
- International Council of Shopping Centers
- ESRI – Demographic and market data for the area surrounding the Project
- Bureau of Labor Statistics; Consumer Expenditure Report
- CBRE – Retail Market Information and Vacancy Rates
- Colliers International – Retail Market Information and Vacancy Rates
- US Census, 2010
- California State Board of Equalization (“CSBE”)

2.3 Summary of Methodology

For this Analysis a primary market area (“PMA”) and a secondary market area (“SMA”) were established based on industry standard trade area metrics, with consideration given to specific conditions within the greater Carlsbad area. The PMA consists of the area within a 10-minute drive of the Specific Plan, and the SMA consists of the area within a 10- to 25-minute drive of the Project (exclusive of the PMA). The total area encompassed by both the PMA and SMA is called the “Trade Area”, and is illustrated in Figure 1 below.

Figure 1: Map of Primary & Secondary Market Area



Source: ESRI; Kosmont Companies, 2015

This Analysis utilizes the following steps:

1. The potential and projected demand for Shopper Goods, Food, and Eating and Drinking establishments is estimated based on existing and projected demographics within the PMA and SMA;
2. The potential demand is then compared to the actual sales volume of the applicable Shopper Goods, Food, and Eating and Drinking establishments within the PMA and SMA;
3. The potential demand for the applicable Shopper Goods, Food, and Eating and Drinking establishments is then compared to the existing sales volume and potential sales volumes of the proposed Specific Plan and potential retail projects within the PMA and SMA.

2.4 Retail Sales Classification

Information on retail sales collected by the CBSE is typically classified into three generally accepted groups as follows:

1. **“Shopper Goods”** – Includes apparel, general merchandise, soft goods, etc.
2. **“Convenience Goods”** – Includes the distinct subcategories of “Food” (i.e. supermarkets) and “Eating and Drinking” (i.e. sit-down restaurants)
3. **“Heavy Commercial Goods”** – Includes hardware stores, auto dealers, and gas/service stations, etc.

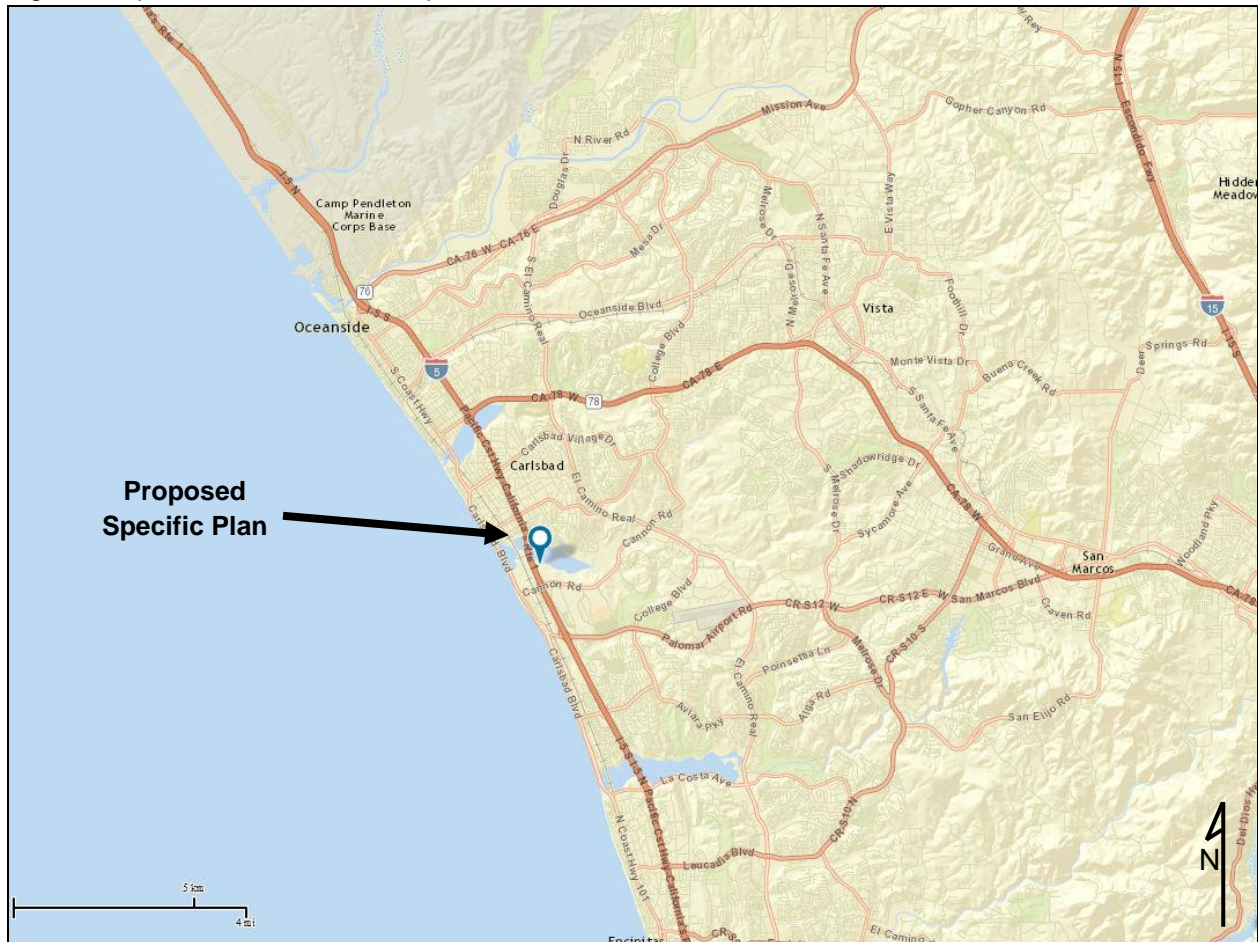
Given the nature of the proposed visitor-serving commercial component of the Specific Plan, only Shopper Goods, and the Convenience Goods subcategories of Food, and Eating and Drinking type retailers are evaluated in this Analysis.

3.0 Project Description

3.1 Location

The proposed Specific Plan is located in the City of Carlsbad along the western edge of San Diego County. Communities bordering the Specific Plan's location include Oceanside to the north, Vista to the northeast, San Marcos to the east, portions of San Diego County to the southeast, and Encinitas to the south. The visitor-serving commercial component of the Specific Plan is located in the northeastern corner of the intersection of the Interstate-5 freeway and Cannon Road. A map illustrating the location of the proposed Specific Plan follows in Figure 2 below.

Figure 2: Specific Plan Location Map



Source: ESRI; Kosmont Companies, 2015

3.2 Project Components

The visitor-serving commercial component of the Specific Plan will include a 585,000 square foot pedestrian-friendly visitor-serving Outdoor Shopping, Dining and Entertainment Promenade with a variety of Shopper Goods, Food, and Eating and Drinking establishments. Approximately 409,000 square feet of the proposed total will be Shopper Goods retailers (including the farm stand), approximately 69,000 square feet will be Eating and Drinking establishments (including the farm-to-table restaurant), and 46,000 square feet will be Food (market) retail. The remaining square footage is comprised of approximately 10,000 square feet of office use, and an approximately 2,500 seat movie theater.

3.3 Project Phasing & Timing

For the purposes of the Analysis herein, it is assumed that all Specific Plan uses will be constructed and operational by 2019.

4.0 Existing & Projected Retail Conditions

4.1 Existing Retail Conditions in the Trade Area

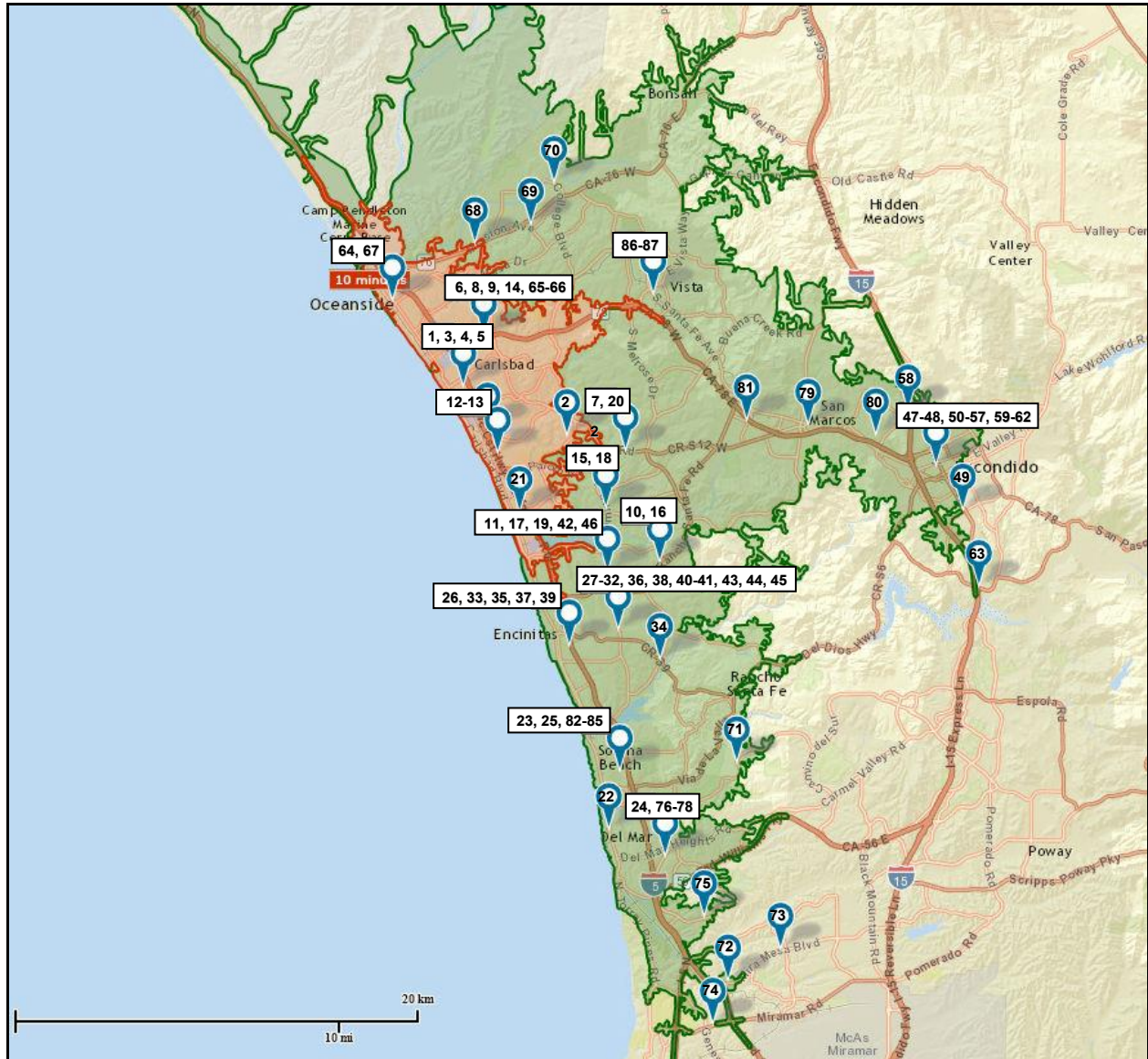
As part of its Analysis Kosmont evaluated the existing retail market within the PMA and SMA. This analysis included a review of retail market data for the general area, discussions with local industry representatives, as well as a physical tour of the Trade Area. As a result of this evaluation Kosmont concludes that the existing retail market is robust, fairly diverse, and exhibits low vacancy rates, suggesting the market has capacity to support additional retail.

Retail diversity is important to overall market health, and is typically provided through a variety of local boutique shops, and local and national chains in a variety of formats including downtown villages, neighborhood centers, community centers, power centers, and regional / super-regional malls. Diversity within the overall Trade Area is important as individual consumer demand is typically satisfied only through a wide variety of retail options, formats, and types. A single consumer will typically utilize different options at different times depending on a variety of factors including among others, convenience, specific offerings, and entertainment. The diversity of retail demand and importance retail patrons place on convenience supports a variety of retail options dispersed within a given trade area. The proposed Specific Plan will not provide a single solution for all retail needs, but instead provide only a partial supply of retail options to meet a portion of retail demand within the Trade Area. However, the augmentation of retail offerings often serves to increase overall retail attraction and demand within a given area.

With respect to retail market fundamentals, recent market data from CBRE for Q4 2014 for the general San Diego retail market indicates a low overall vacancy rate of 5.7%. This vacancy rate has been decreasing over the last several years, and is 2.5% lower than a peak in 2011 of 8.2%. Figures from Colliers International also suggested a strong market that is experiencing decreasing vacancy rates. The Colliers International data also included an evaluation of submarkets within the North County region and found a vacancy rate of 6.3% for the greater area, and a vacancy rate within Carlsbad of 3.7% (as of Q3 2013, the most recent available).

In conclusion, the retail market within the PMA and SMA appears strong, is experiencing decreases in vacancy rates despite the introduction of some new retail product, and exhibits a moderately diverse mix of retail product that can be augmented by the visitor-serving commercial component of the Specific Plan. A map of existing, larger retail centers within the Trade Area follows in Figure 3 below. Please note that this map only illustrates retail centers generally above 25,000 square feet in leasable area, though all existing retail square footage within the Trade Area is inherently considered. As an example, as the retailers in Carlsbad Village are generally smaller shops, they are not explicitly listed in the table of existing retail centers; however, sales from the Carlsbad Village shop are considered in this Analysis.

Figure 3: Map of Existing Retail Centers within the Trade Area



Source: Kosmont Companies, 2015

A corresponding table of existing projects in the Trade Area can be found in **Appendix 4.1.1**.

4.2 Recently Completed & Proposed Retail Projects within the Trade Area

As part of the Analysis, Kosmont surveyed proximate cities and parts of San Diego County to inventory recently constructed, and proposed retail projects within the Trade Area. Kosmont made direct inquiries with officials in each jurisdiction's planning department to identify planned commercial retail projects. Research indicates that in addition to the visitor-serving commercial component of the Specific Plan, there are eight (8) major projects representing approximately 1,850,000 square feet of retail space recently constructed or proposed to be constructed within the Trade Area in the near future. As shown in Table 1 and Figure 4 below, the Specific Plan is the only improvement proposed within the PMA; all the other proposed projects are located within the SMA portion of the Trade Area. For reference, certain recently constructed projects are included, as historic sales figures evaluated in subsequent sections may not include these projects. Thus, these projects are separately considered, and projected sales figures are considered in the net demand analyses herein. Further, while the Westfield Plaza Camino Real is undergoing a remodel, there is no proposal to increase net leasable square footage, and as such, its current and future sales are considered under the existing retail centers rather than as a proposed project below.

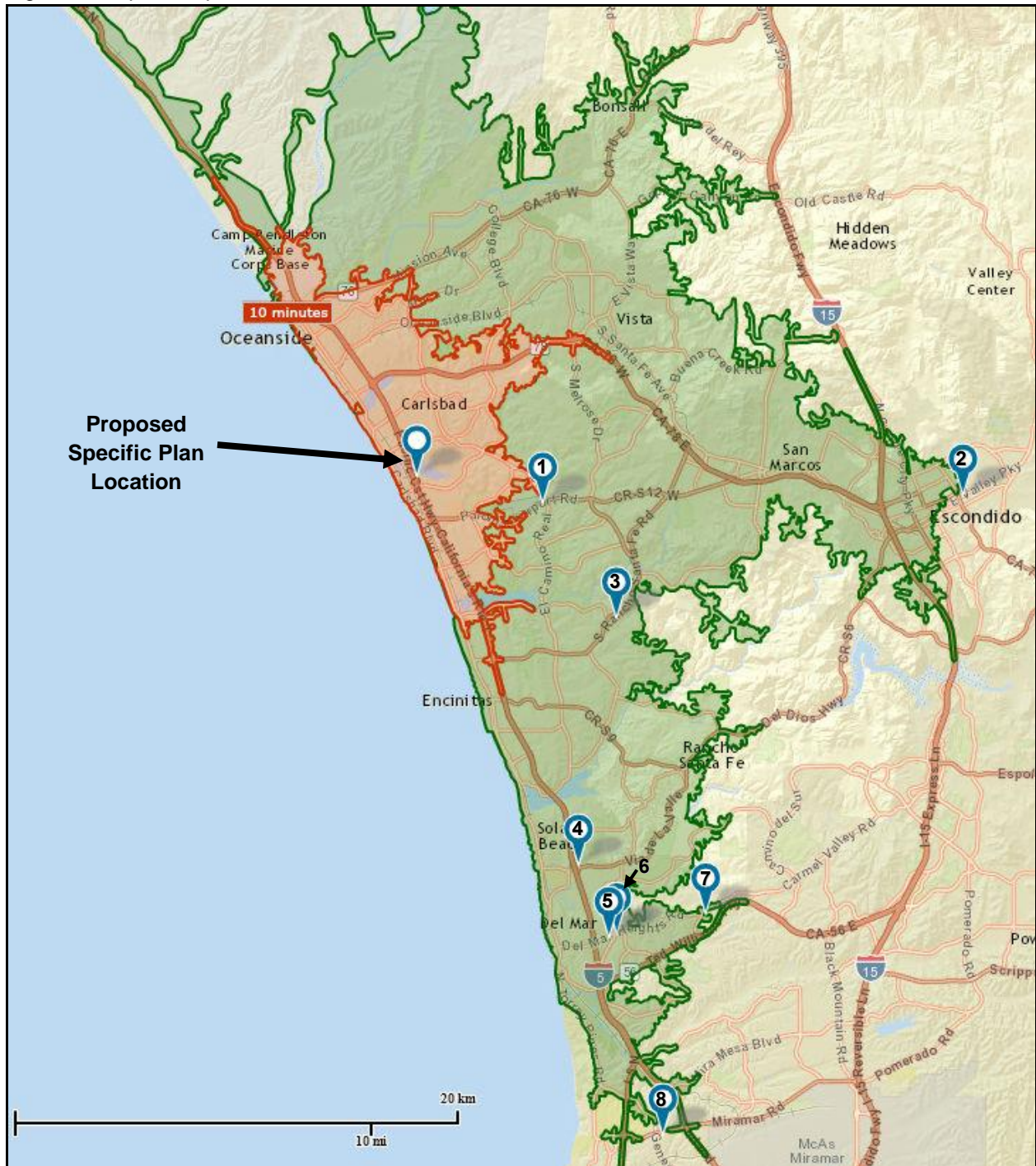
Table 1: List of Proposed Projects within the Trade Area

	Project Name	Assumed Opening	Total Square Feet	Location Within Trade Area	Primary Retail Types
1	Palomar Commons	2013	184,900	SMA	Building/Hardware
2	Escondido Walmart	2014	137,000	SMA	GAFO, Food
3	La Costa Town Square	2015	267,400	SMA	GAFO, Food, Eating and Drinking
4	Flower Hill Promenade Expansion	2013	70,000	SMA	GAFO, Eating and Drinking
5	One Paseo	2018	198,500	SMA	GAFO, Food, Eating and Drinking
6	Del Mar Highlands Town Center Expansion	2017	80,000	SMA	GAFO, Food, Eating and Drinking
7	Pacific Highlands Ranch Village	2015	163,600	SMA	GAFO, Food, Eating and Drinking, Medical
8	Westfield University Town Center Expansion	2014	750,000	SMA	GAFO, Eating and Drinking

Source: The City of Carlsbad; Del Mar; Encinitas; Escondido; Oceanside; Poway; San Diego; San Marcos; Solana Beach; Vista; San Diego County; Kosmont Companies, 2015

Additional details for the proposed projects in the Trade Area can be found in **Appendix 4.2.1**.

Figure 4: Map of Proposed Retail Centers within the Trade Area



Source: The City of Carlsbad; Del Mar; Encinitas; Escondido; Oceanside; Poway; San Diego; San Marcos; Solana Beach; Vista; San Diego County; ESRI; Kosmont Companies, 2015

5.0 Retail Demand Analysis Summary

Kosmont analyzed the potential for the implementation of the visitor-serving commercial component of the Specific Plan to cause negative impacts by studying the existing and projected retail supply and demand within the PMA, SMA, and overall Trade Area. The Analysis includes an evaluation of the type and amount of retail square footage in the proposed Specific Plan relative to the expected demand exclusively within the PMA, and the type and amount of square footage of other proposed projects within the Trade Area during the approximate timeframe of the implementation of the Specific Plan.

5.1 Project Impact on Retail Demand – Shopper Goods Component

It is anticipated that the implementation of the Specific Plan will result in the creation of approximately 585,000 square feet of retail, dining, and entertainment space within the Trade Area. Of this total, an estimated 409,000 square feet would be for Shopper Goods retail. Based on Kosmont's analysis there is adequate demand for Shopper Goods retail to support the square footage included in the Specific Plan. As shown in Table 2 below, in 2019 it is projected that the PMA will be able to support a net addition of approximately 1.22 million square feet of Shopper Goods retail square footage. For reference, this figure and the figures below are before considering the additional of retail space from the implementation of the Specific Plan, and other unrelated projects, which is evaluated in Section 5.3 below.

Table 2: Expected Net Supportable Shopper Goods Retail Space (Baseline, without Specific Plan, other projects)

Retail Category	2015	2017	2019	2021	2023	2025
Shopper Goods	1,094,617	1,156,819	1,220,303	1,285,093	1,351,218	1,418,705

Source: California State Board of Equalization, 2007-12; ESRI, 2015; Kosmont, 2015. An expanded version of this table, including additional data points, is provided in **Appendix 5.1.1**.

5.2 Project Impact on Retail Demand – Food, Eating and Drinking Component

Of the 585,000 square feet of retail, dining, and entertainment space included in the Specific Plan, an estimated 46,000 will be for Food (market) retail, and an estimated 69,000 square feet will be for Eating and Drinking retail establishments. Based on Kosmont's analysis, there is adequate Food, and Eating and Drinking retail demand to support the Specific Plan's Food, and Eating and Drinking uses. As shown in Table 3 below, upon completion of construction in 2019, it is projected that the Trade Area will be able to support a net addition of approximately 193,000 square feet of Food retail, and approximately 336,000 square feet of Eating and Drinking retail square footage.

Table 3: Expected Net Supportable Food, Eating and Drinking Retail Space (Baseline, without Specific Plan, other projects)

Retail Category	2015	2017	2019	2021	2023	2025
Food (Supermarkets)	161,669	177,281	193,204	209,445	226,010	242,904
Eating and Drinking	299,527	317,453	335,749	354,424	373,484	392,939

Source: California State Board of Equalization, 2007-12; ESRI, 2015; Kosmont, 2015. An expanded version of this table, including additional data points, is provided in **Appendix 5.2.1**.

5.3 Cumulative Impact of Projects Planned in the Trade Area

As part of the Analysis, Kosmont analyzed the characteristics and proposed opening dates of eight (8) recently opened and proposed retail projects within the Trade Area. To determine the likely impact of these additional projects on the retail demand at the Specific Plan location, the square footage of each of the proposed projects was multiplied by the expected capture rate based on the proposed project's location within either the PMA or SMA. As shown in Table 4 below, proposed projects within the PMA are estimated to have a higher capture rate than those in the SMA. Further, 10% of the potential PMA and SMA demand is assumed to be accommodated outside of the Trade Area.

Table 4: PMA & SMA Expected Capture Rates

Retail Category	PMA	SMA	Outside PMA & SMA
Shopper Goods	70%	20%	10%
Food (Supermarkets)	80%	10%	10%
Eating and Drinking	70%	20%	10%

Source: Kosmont Companies, 2015

Multiplying the proposed product square footage by the expected capture rate allows for the evaluation of the proposed projects as if they were being built at the Specific Plan location. Thus by adjusting the proposed square footage based on the expected capture rate it is possible to compare the expected retail demand at the Specific Plan location to the potential retail supply regardless of the location of the unrelated projects. A summary of the results of this Analysis follow in Table 5 through Table 7. These tables are calculated by multiplying the proposed retail project square footage type by the appropriate capture rate, and are organized by year of anticipated opening.

Table 5 through Table 7 support the conclusion that, based on the cumulative demand of the proposed Specific Plan and the additional proposed projects within the Trade Area, there remains a net surplus demand in each of the retail categories included the visitor-serving commercial component of the Specific Plan. As shown below, should all Shopper Goods

projects proposed within the SMA and PMA be built, in 2019 there will be a net additional demand for approximately 541,000 square feet of Shopper Goods retail. Further, should all restaurant projects proposed within the SMA and PMA be built, in 2019 there will be a net additional demand for approximately 85,000 square feet of Food (market), and net additional demand for approximately 124,000 square feet of Eating and Drinking retail.

Table 5: Total Shopper Goods Square Footage Proposed within the Trade Area

Shopper Goods	2015	2017	2019	2021	2023	2025
Net Supportable Square Footage	1,094,617	1,156,819	1,220,303	1,285,093	1,351,218	1,418,705
Other Projects (Cumulative)	(215,508)	(222,508)	(270,408)	(270,408)	(270,408)	(270,408)
Specific Plan (Cumulative)	-	-	(409,000)	(409,000)	(409,000)	(409,000)
Surplus Supportable Square Footage	879,109	934,311	540,895	605,685	671,810	739,297

Source: Kosmont Companies, 2015

Table 6: Total Food Square Footage Proposed within the Trade Area

Food	2015	2017	2019	2021	2023	2025
Net Supportable Square Footage	161,669	177,281	193,204	209,445	226,010	242,904
Other Projects (Cumulative)	(57,717)	(58,717)	(61,717)	(61,717)	(61,717)	(61,717)
Specific Plan (Cumulative)	-	-	(46,000)	(46,000)	(46,000)	(46,000)
Surplus Supportable Square Footage	103,952	118,564	85,487	101,728	118,292	135,187

Source: Kosmont Companies, 2015

Table 7: Total Eating and Drinking Square Footage Proposed within the Trade Area

Eating & Drinking	2015	2017	2019	2021	2023	2025
Net Supportable Square Footage	299,527	317,453	335,749	354,424	373,484	392,939
Other Projects (Cumulative)	(120,692)	(127,692)	(142,292)	(142,292)	(142,292)	(142,292)
Specific Plan (Cumulative)	-	-	(69,000)	(69,000)	(69,000)	(69,000)
Surplus Supportable Square Footage	178,835	189,761	124,457	143,132	162,192	181,647

Source: Kosmont Companies, 2015

After considering the impact of the other proposed projects within the Trade Area, due to the residual surplus demand for Shopper Goods, Food, and Eating and Drinking retail square footage, Kosmont concludes it is not probable that the Specific Plan will have an adverse economic impact on the existing Shopper Goods, Food, or Eating and Drinking retail establishments within the Trade Area. Further, as will be discussed subsequently, this residual surplus demand remains even under elevated levels of retail sales per square foot.

5.4 Potential for Adverse Impacts

Based on the Analysis herein, it is Kosmont's conclusion that it is unlikely that the Specific Plan will have an adverse impact on the existing Shopper Goods, Food, or Eating and Drinking retail establishments within the Trade Area. Further, based on Kosmont's evaluation of the existing and projected retail market, there will in fact be a net demand for these types of retail uses.

When a net demand exists, market conditions are generally favorable for retail businesses, and as a result, retailers will not be forced to close for reasons related to insufficient demand caused by the Specific Plan. Should existing businesses close, it would likely occur on an intermittent/site-specific basis, and primarily for reasons unique to those businesses. Further, as market conditions remain favorable based on the net demand for additional retail square footage, it is unlikely the Specific Plan will cause significant business closures and long-term vacancies, which would cause property owners to cease maintaining their properties and leave decaying, unoccupied shells.

6.0 Retail Demand Analysis

Methodology

Retail demand within the Trade Area is estimated based on the number of existing and projected households, the income levels of those households, the percent of income traditionally spend by households of said income levels, the percent of expenditures on the various retail categories, and the level of existing sales. Demand projections also consider information from nearby jurisdictions on projects in active planning stages; additional projects may be proposed during the timeframe of the Analysis. A more detailed discussion of these considerations follows.

6.1 Households

The historic and projected number of households within the PMA and SMA is based on data provided by ESRI, a commercially recognized third-party demographic data provider. As shown in Table 8 below, data includes the historic number of households in 2010 and estimated and projected figures for 2014 and 2019. Kosmont analyzed this data to project household counts for interim and future periods based on the compound annual growth rate (“CAGR”) between and beyond the data points provided by ESRI. ESRI data suggests a CAGR of approximately 0.72% in the PMA and 0.81% in the SMA between 2010 and 2014. Projections beyond 2019 were created by utilizing historical CAGRs between the ESRI 2014 and 2019 projections. This methodology results in a CAGR of 0.92% in the PMA and 1.10% in the SMA between 2019 and 2025. Given the number of housing developments currently proposed and under construction within the Trade Area, these projections may prove low; higher population growth would result in increased retail demand.

Table 8: PMA & SMA Historic & Projected Households

	2010	2014	2015	2017	2019	2021	2023	2025
PMA	52,798	54,326	54,824	55,834	56,863	57,911	58,978	60,064
SMA	196,522	202,933	205,165	209,703	214,341	219,082	223,927	228,880
TOTAL	249,320	257,259	259,989	265,537	271,204	276,992	282,905	288,945
PMA CAGR		0.72%	0.92%	0.92%	0.92%	0.92%	0.92%	0.92%
SMA CAGR		0.81%	1.10%	1.10%	1.10%	1.10%	1.10%	1.10%
Avg CAGR		0.79%	1.06%	1.06%	1.06%	1.06%	1.06%	1.06%

Source: ESRI, 2015, Kosmont Companies, 2015. An expanded version of this Table, including additional data points is provided in **Appendix 6.1.1**. Note: 2010 is the most recent Census data, and 2014 is the next available year of ESRI projections.

6.2 Household Income

The historic and projected average household income within the PMA and SMA are based on data provided by ESRI which is comprised of actual figures from the 2010 census and projections for 2014 and 2019. Based on ESRI's projections, the CAGR between 2010 and 2014 is an estimated 0.66% within the PMA, and 1.42% in the SMA. For the period between 2014 and 2019, the estimated CAGR is 3.20% in the PMA and 3.31% in the SMA, however, for the purposes of this Analysis, incomes were assumed to be fixed in 2015 dollars. Historic and projected average household incomes for additional years (with incomes fixed in 2015 dollars after 2015) are provided in Table 9 below.

Table 9: PMA & SMA Historic & Projected Average Household Income (Constant Dollars 2015+)

	2010	2014	2015	2017	2019	2021	2023	2025
PMA	\$ 80,229	\$ 82,362	\$ 84,998	\$ 84,998	\$ 84,998	\$ 84,998	\$ 84,998	\$ 84,998
SMA	93,702	99,126	102,404	102,404	102,404	102,404	102,404	102,404
TOTAL	\$ 90,849	\$ 95,586	\$ 98,734	\$ 98,744	\$ 98,755	\$ 98,765	\$ 98,776	\$ 98,786
PMA CAGR		0.66%	3.20%	0.00%	0.00%	0.00%	0.00%	0.00%
SMA CAGR		1.42%	3.31%	0.00%	0.00%	0.00%	0.00%	0.00%
Avg CAGR		1.28%	3.29%	0.01%	0.01%	0.01%	0.01%	0.01%

Source: ESRI, 2015, Kosmont Companies, 2015. An expanded version of this Table, including additional data points is provided in **Appendix 6.2.1**.

6.3 Total Income

In order to determine the historic and projected total income of households within the PMA and SMA, the historic and projected number of households was multiplied by the historic and projected average household income for each year analyzed. For reference of scale, the total income in the PMA in 2010 was \$4.24 billion and the total income in the SMA in 2010 was \$18.41 billion (a total of \$22.65 billion). Data for additional years is provided in Table 10 below.

Table 10: PMA & SMA Historic & Projected Total Income (Billions, Constant Dollars 2015+)

	2010	2014	2015	2017	2019	2021	2023	2025
PMA	\$ 4.24	\$ 4.47	\$ 4.66	\$ 4.75	\$ 4.83	\$ 4.92	\$ 5.01	\$ 5.11
SMA	18.41	20.12	21.01	21.47	21.95	22.43	22.93	23.44
TOTAL	\$ 22.65	\$ 24.59	\$ 25.67	\$ 26.22	\$ 26.78	\$ 27.36	\$ 27.94	\$ 28.54
PMA CAGR		1.38%	4.15%	0.92%	0.92%	0.92%	0.92%	0.92%
SMA CAGR		2.23%	4.44%	1.10%	1.10%	1.10%	1.10%	1.10%
Avg CAGR		2.08%	4.39%	1.07%	1.07%	1.07%	1.07%	1.07%

Source: ESRI, 2015, Kosmont Companies, 2015. An expanded version of this table, including additional data points is provided in **Appendix 6.3.1**.

6.4 Percentage of Income Spent on Retail Goods

Households will spend a certain percentage of their total income on retail goods. This percentage varies by region and by income level. Households within Carlsbad, the PMA, and SMA enjoy fairly high income levels and have a considerable amount of purchasing power. Through analysis of consumer expenditures documented by the U.S. Department of Labor and the U.S. Bureau of Labor Statistics and historical income levels from Census data, Kosmont estimates that 36.02% of total income within the PMA and 33.96% of total income within the SMA is available for the purchase of retail goods. Given typical spending patterns and the nature of the proposed Project, Kosmont also estimates that a minimum of an additional 15% of purchases will be made by visitors from outside the Trade Area and businesses.

6.5 Expected Retail Sales

By multiplying the total income for the PMA and SMA by the percent of income spent on retail goods it is possible to calculate the expected quantity of retail sales within the PMA and SMA. For reference and scale, based on this methodology, it is estimated that approximately \$1.75 billion was available for expenditures on retail sales by residents, visitors, and businesses in the PMA in 2010 and \$7.19 billion was available within the SMA in 2010. Expected retail sales for additional years are in Table 11 below.

Table 11: PMA & SMA Historic & Projected Expected Retail Sales (Billions, Constant Dollars 2015+)

	2010	2014	2015	2017	2019	2021	2023	2025
PMA	\$ 1.53	\$ 1.61	\$ 1.68	\$ 1.71	\$ 1.74	\$ 1.77	\$ 1.81	\$ 1.84
PMA V&B	0.23	0.24	0.25	0.26	0.26	0.27	0.27	0.28
TOTAL PMA	\$ 1.75	\$ 1.85	\$ 1.93	\$ 1.97	\$ 2.00	\$ 2.04	\$ 2.08	\$ 2.11
SMA	\$ 6.25	\$ 6.83	\$ 7.14	\$ 7.29	\$ 7.46	\$ 7.62	\$ 7.79	\$ 7.96
SMA V&B	0.94	1.02	1.07	1.09	1.12	1.14	1.17	1.19
TOTAL SMA	\$ 7.19	\$ 7.86	\$ 8.21	\$ 8.39	\$ 8.57	\$ 8.76	\$ 8.96	\$ 9.15
TOTAL	\$ 8.95	\$ 9.71	\$ 10.14	\$ 10.35	\$ 10.58	\$ 10.80	\$ 11.03	\$ 11.27

Source: ESRI, 2015, Kosmont Companies, 2015, California State Board of Equalization, 2007-2012. An expanded version of this table, including additional data points is provided in **Appendix 6.5.1**.

6.6 Sales by Retail Store Type

The next step in the Analysis is to distribute the expected taxable sales amongst the various categories of retail stores¹. This is performed by considering the historic distribution for both the PMA and the SMA as reported by the CSBE. As the Trade Area is based on driving times from a certain point rather than municipal boundaries, information is not directly available from CSBE for the distribution of retail sales exclusive to the PMA and SMA. In order to estimate these actual sales, Kosmont determined which jurisdictions fell within the PMA and SMA boundaries and aggregated total actual sales from CSBE from those areas. To extrapolate sales figures to the PMA and SMA boundaries, Kosmont estimated the portion of population from each municipality within the PMA and SMA and pro-rated CSBE's total actual sales figures accordingly. For example, if actual sales reported for the City of Vista for a given retail category were \$100 million, to estimate the amount of sales within the PMA from Vista, if it was determined that approximately 13.5% of Vista's population was within the PMA, \$100 million was multiplied by this percentage to determine the City's pro-rata contribution of sales to the

¹ Adjusted to account for non-taxable sales (i.e. grocery and drug users)

PMA. The percentage of each jurisdiction's land area and therefore estimated population within the PMA and SMA is summarized in Table 12 as follows:

Table 12: Percentage of Population within PMA & SMA

	PMA	SMA
Carlsbad	55.1%	100.0%
Del Mar	0.0%	100.0%
Encinitas	6.7%	100.0%
Escondido	0.0%	45.8%
Oceanside	40.7%	99.9%
Poway	0.0%	0.0%
San Diego	0.0%	4.3%
San Marcos	0.0%	100.0%
Solana Beach	0.0%	100.0%
Vista	13.5%	100.0%
San Diego County	0.0%	1.8%

Source: ESRI, 2015, Kosmont Companies, 2015

As previously introduced, the data from CSBE is summarized in subcategories under Shopper Goods, Convenience Goods, and Heavy Commercial Goods. In some retail categories and years, information was unavailable from the CSBE's Annual Taxable Sales report since inclusion of the information could result in the disclosure of confidential information. To augment this data, Kosmont took averages of available years before and after to estimate actual sales data.

The projected distribution of sales between 2015 and 2025 in the PMA and SMA is based on the average historical distribution of sales between 2010 and 2012. The historic distribution of sales in the SMA and PMA for these and other years are shown in Table 13 and Table 14 below.

Table 13: Percent of Total Retail Sales by Store Type – PMA

Retail Category	2007	2008	2009	2010	2011	2012
Shopper Goods	37.4%	38.5%	37.8%	37.6%	35.8%	34.5%
Food (Supermarkets)	14.2%	14.7%	16.8%	16.3%	15.5%	14.9%
Eating and Drinking	10.7%	11.6%	12.5%	12.5%	12.2%	12.4%

Source: California State Board of Equalization, 2007-2012; Kosmont Companies, 2015

Table 14: Percent of Total Retail Sales by Store Type – SMA

Retail Category	2007	2008	2009	2010	2011	2012
Shopper Goods	37.1%	37.4%	37.1%	36.2%	34.6%	34.0%
Food (Supermarkets)	15.8%	16.0%	17.7%	17.4%	16.7%	16.1%
Eating and Drinking	11.4%	12.2%	11.5%	13.1%	12.9%	13.1%

Source: California State Board of Equalization, 2007-2012; Kosmont Companies, 2015.

6.7 Expected Retail Sales by Retail Category

In order to calculate the expected retail sales within the retail categories identified above, the total expected retail sales for each market area was multiplied by the average percentage of total retail sales by store type for each respective market area. The result is the expected retail sales volume by retail category. Table 15 and Table 16 below illustrate the expected retail sales by retail category within the PMA and SMA through 2025.

Table 15: Historic & Projected Expected Retail Sales by Retail Category – PMA

Retail Category	2015	2017	2019	2021	2023	2025
Shopper Goods	36.0%	36.0%	36.0%	36.0%	36.0%	36.0%
Food (Supermarkets)	15.6%	15.6%	15.6%	15.6%	15.6%	15.6%
Eating and Drinking	12.4%	12.4%	12.4%	12.4%	12.4%	12.4%

Source: California State Board of Equalization, 2007-2012; ESRI, 2015; Kosmont Companies, 2015. An expanded version of this Table, including additional data points is provided in **Appendix 6.7.1**.

Table 16: Historic & Projected Expected Retail Sales by Retail Category – SMA

Retail Category	2015	2017	2019	2021	2023	2025
Shopper Goods	34.9%	34.9%	34.9%	34.9%	34.9%	34.9%
Food (Supermarkets)	16.7%	16.7%	16.7%	16.7%	16.7%	16.7%
Eating and Drinking	13.0%	13.0%	13.0%	13.0%	13.0%	13.0%

Source: California State Board of Equalization, 2000-2009; ESRI, 2011; Kosmont Companies, 2011. An expanded version of this Table, including additional data points is provided in **Appendix 6.7.2**.

6.8 Expected Capture Rate of Retail Demand

The next portion of the Analysis is to project the percentage of each of the retail sales categories that would be expected to be captured by retail outlets within the PMA and SMA.

Capture rates were formulated based on several varying factors, including the base of existing retailers in the market by category, competitiveness of existing retailers, size of the existing retail base, projected location of new households, and current retail spending patterns of existing households. For new construction projects, including planned retail projects, the capture rates also take into consideration the anticipated mix and nature of the planned retailers and the degree to which they may bring new retailers to the Trade Area.

A capture rate of 70% for a particular retail category within the PMA assumes that 70% of retail demand for that retail category for individuals within the PMA could be satisfied somewhere within the PMA. A capture rate of 70% for a particular retail category within the PMA also assumes that individuals within the PMA will spend 30% of their total expenditures for that retail category at retail stores outside of the PMA. The balance of the expected capture rate that is not expected to be captured in the PMA or SMA is assumed to flow to other markets. The assumed percentage of sales captured for each retail category in the PMA and SMA are illustrated below in Table 17.

Table 17: PMA & SMA Expected Capture Rates

Retail Category	PMA	SMA	Outside PMA & SMA
Shopper Goods	70%	20%	10%
Food (Supermarkets)	80%	10%	10%
Eating and Drinking	70%	20%	10%

Source: Kosmont Companies, 2015

As shown in Table 17 above, it is assumed that approximately 70% of PMA retail demand for Shopper Goods and Eating and Drinking will be accommodated within the PMA, and that approximately 20% of the SMA demand for the same retail categories will be accommodated within the PMA. These assumptions dictate that approximately 30% of PMA demand for Shopper Goods and Eating and Drinking will be accommodated outside of the PMA, and approximately 80% of the SMA demand for the same retail categories will be accommodated outside of the PMA.

6.9 Expected Sales Capture

In order to calculate the expected capture of sales within the PMA, the expected sales for each retail category of each market area is multiplied by the expected capture rates for each retail category and market area. The results of the calculation are shown below in Table 18 through Table 20 for the PMA, SMA, and PMA & SMA combined, respectively.

Table 18: Expected Sales Capture – PMA (\$Millions)

Retail Category	2015	2017	2019	2021	2023	2025
Shopper Goods	\$ 486.2	\$ 495.1	\$ 504.2	\$ 513.5	\$ 523.0	\$ 532.6
Food (Supermarkets)	240.4	244.8	249.3	253.9	258.6	263.3
Eating and Drinking	166.9	170.0	173.1	176.3	179.6	182.9
TOTAL	\$ 893.4	\$ 909.9	\$ 926.7	\$ 943.7	\$ 961.1	\$ 978.8

Source: California State Board of Equalization, 2007-2012; ESRI, 2015; Kosmont Companies, 2015. An expanded version of this Table, including additional data points is provided in **Appendix 6.9.1**.

Table 19: Expected Sales Capture – SMA (\$Millions)

Retail Category	Expected Sales Capture - SMA					
	2015	2017	2019	2021	2023	2025
Shopper Goods	\$ 573.2	\$ 585.9	\$ 598.9	\$ 612.1	\$ 625.6	\$ 639.5
Food (Supermarkets)	137.4	140.4	143.5	146.7	149.9	153.2
Eating and Drinking	213.3	218.0	222.9	227.8	232.8	238.0
TOTAL	\$ 923.9	\$ 944.3	\$ 965.2	\$ 986.6	\$ 1,008.4	\$ 1,030.7

Source: California State Board of Equalization, 2007-2012; ESRI, 2015; Kosmont Companies, 2015. An expanded version of this Table, including additional data points is provided in **Appendix 6.9.2**.

Table 20: Expected Sales Capture – PMA & SMA (\$Millions)

Retail Category	Expected Sales Capture - PMA & SMA					
	2015	2017	2019	2021	2023	2025
Shopper Goods	\$ 1,059.4	\$ 1,081.0	\$ 1,103.1	\$ 1,125.6	\$ 1,148.6	\$ 1,172.1
Food (Supermarkets)	377.7	385.2	392.8	400.6	408.5	416.6
Eating and Drinking	380.3	388.1	396.0	404.1	412.4	420.9
TOTAL	\$ 1,817.4	\$ 1,854.3	\$ 1,891.9	\$ 1,930.3	\$ 1,969.5	\$ 2,009.6

Source: California State Board of Equalization, 2007-2012; ESRI, 2015; Kosmont Companies, 2015. An expanded version of this Table, including additional data points is provided in **Appendix 6.9.3**.

6.10 Retail Sales Leakage Analysis

Sales leakage is a phenomenon related primarily to the retail industry wherein a defined geographic area may lack certain retail categories of shopping amenities as reflected by the number of outlets and corresponding gross leasable area (“GLA”) per category sufficient to retain its residents’ spending dollars. Sales leakage is calculated as the amount of total “sales” within a defined geographic area minus the amount of “spending” by residents from that same area. “Sales” is defined by the total dollar amount which has been transacted annually within a

geographic area (by both residents and non-residents) and “spending” is defined by total annual dollar purchases made by residents of and within that same geographic area.

Leakage occurs if buying activity “leaks” to outside areas, typically indicating that the trade area is underserved in certain retail sales categories. By comparison, an area that is not leaking sales is likely attracting outside sales dollars. For example, if in a city, overall resident spending in the grocery sector reached \$1,000 per household and sales within that city total \$250 per household, it would imply that as much as \$750 per household is leaking to outside areas. Alternatively, if household spending on groceries was lower, at \$500, and sales from the same resident pool were higher, at \$1,000, then the difference of \$500 is being attracted from outside areas to the city.

The leakage analysis compares the expected retail sales volume based on the combined expected sales capture to the actual sales volume of the PMA. The most recent data for comparison available from the CSBE is for 2012, and as such, the leakage analysis was performed for that year as shown in Table 21 below.

Table 21: Expected Demand vs. Actual Sales (Leakage Analysis)

Retail Category	Expected 2012 Demand	Actual 2012 Sales	Expected Minus Actual	% Delta
Shopper Goods	\$ 947.4	\$ 678.6	\$ 268.7	39.6%
Food (Supermarkets)	335.5	300.4	35.1	11.7%
Eating and Drinking	352.6	250.0	102.5	41.0%
TOTAL	\$ 1,635.4	\$ 1,229.1	\$ 406.3	33.1%

Source: California State Board of Equalization, 2007-2012; ESRI, 2015; Kosmont Companies, 2015.

6.11 Net Retail Demand

The net retail demand within the PMA is the difference between the expected demand and actual sales. To project future years, the expected demand for future years is compared to the actual sales volume for 2012 and then carried forward based on estimated household purchasing power. The expected net retail demand for 2015 through 2025 is shown in Table 22 below.

Table 22: Expected Net Retail Demand (\$Millions)

Retail Category	2015	2017	2019	2021	2023	2025
Shopper Goods	\$ 380.7	\$ 402.4	\$ 424.5	\$ 447.0	\$ 470.0	\$ 493.5
Food (Supermarkets)	77.3	84.8	92.4	100.2	108.1	116.2
Eating and Drinking	130.2	138.0	146.0	154.1	162.4	170.8
TOTAL	\$ 588.3	\$ 625.2	\$ 662.8	\$ 701.3	\$ 740.5	\$ 780.5

Source: California State Board of Equalization, 2007-2012; ESRI, 2015; Kosmont Companies, 2015. An expanded version of this Table, including additional data points is provided in **Appendix 6.11.1**.

6.12 Net Supportable Retail Square Footage

The final step in this portion of the Analysis is to determine the amount of retail square footage supportable by the expected net retail demand for each category. In order to calculate the supportable square footage, the average sales per square foot must be determined. Estimates of sales per square foot for each retail category utilized in this analysis are based on data from ULI, ICSC, and Kosmont's review of market data, as well as retail sales levels from various industry sources and/or projects. Further, the question evaluated in this Analysis is not whether the introduction of additional retail will increase competition, but rather whether it is likely that the introduction of additional retail will over-saturate an existing specified Trade Area. The estimated sales levels per square foot in consideration of this perspective are listed in Table 23.

Table 23: Expected Sales per Square Foot – Baseline

Retail Category	\$/SF
Shopper Goods	\$ 400
Food (Supermarkets)	550
Eating and Drinking	500

Source: ULI; ICSC; Kosmont Companies, 2015

The expected net (additional incremental) supportable retail space is then calculated by dividing the expected net retail demand by the expected sales per square foot. For the purposes of this Analysis it is assumed that expected sales per square foot will not escalate with time. This assumption is sound as the household income is also assumed to be constant as discussed in Section 6.2: Household Income. Finally, the figures below include a 5% increase in square footage as a vacancy factor, and a 10% increase for ancillary/support space. The expected net supportable retail space is shown in Table 24 below.

Table 24: Net Supportable Retail Space (Baseline)

Retail Category	Net Supportable Retail Space (SF, Baseline \$/SF)					
	2015	2017	2019	2021	2023	2025
Shopper Goods	1,094,617	1,156,819	1,220,303	1,285,093	1,351,218	1,418,705
Food (Supermarkets)	161,669	177,281	193,204	209,445	226,010	242,904
Eating and Drinking	299,527	317,453	335,749	354,424	373,484	392,939
TOTAL	1,555,812	1,651,553	1,749,256	1,848,962	1,950,712	2,054,548

Source: California State Board of Equalization, 2007-2012; ESRI, 2015; Kosmont Companies, 2015. An expanded version of this Table, including additional data points, and elevated \$/SF are provided in **Appendix 6.12.1**.

6.13 Net Supportable Retail with Project & Other Proposed Projects

The next part of the analysis considers the potential impact of other recently constructed and proposed projects within the Trade Area. In Table 25 below, the net supportable retail space after accounting for other proposed projects within the Trade Area is illustrated. For reference, similar calculations based on higher, elevated sales per square foot levels are provided in **Appendix 6.13.1**, and illustrate that even at elevated levels of sales per square foot a net surplus of supportable square footage would remain.

Table 25: Net Supportable Retail Space (Baseline) w/ Other Proposed Projects

Shopper Goods	2015	2017	2019	2021	2023	2025
Net Supportable Square Footage	1,094,617	1,156,819	1,220,303	1,285,093	1,351,218	1,418,705
Other Projects (Cumulative)	(215,508)	(222,508)	(270,408)	(270,408)	(270,408)	(270,408)
Specific Plan (Cumulative)	-	-	(409,000)	(409,000)	(409,000)	(409,000)
Surplus Supportable Square Footage	879,109	934,311	540,895	605,685	671,810	739,297
Food	2015	2017	2019	2021	2023	2025
Net Supportable Square Footage	161,669	177,281	193,204	209,445	226,010	242,904
Other Projects (Cumulative)	(57,717)	(58,717)	(61,717)	(61,717)	(61,717)	(61,717)
Specific Plan (Cumulative)	-	-	(46,000)	(46,000)	(46,000)	(46,000)
Surplus Supportable Square Footage	103,952	118,564	85,487	101,728	118,292	135,187
Eating & Drinking	2015	2017	2019	2021	2023	2025
Net Supportable Square Footage	299,527	317,453	335,749	354,424	373,484	392,939
Other Projects (Cumulative)	(120,692)	(127,692)	(142,292)	(142,292)	(142,292)	(142,292)
Specific Plan (Cumulative)	-	-	(69,000)	(69,000)	(69,000)	(69,000)
Surplus Supportable Square Footage	178,835	189,761	124,457	143,132	162,192	181,647

Source: California State Board of Equalization, 2007-2012; ESRI, 2015; Kosmont Companies, 2015. An expanded version of this Table, including additional data points, and elevated \$/SF are provided in **Appendix 6.13.1**.

6.14 Conclusion

Based on the foregoing Analysis, Kosmont concludes that, should the proposed Project be constructed, even at elevated levels of sales per square foot, there is sufficient retail demand within the Trade Area to support the implementation of the Specific Plan without having an adverse economic impact on the existing or proposed retail establishments within the Trade Area.

The analyses, projections, assumptions, rates of return, and any examples presented herein are for illustrative purposes and are not a guarantee of actual and/or future results. Project pro forma and tax analyses are projections only. Actual results may differ materially from those expressed in this analysis.

7.0 Definitions & Assumptions

Compound Annual Growth Rate: (“CAGR”): The year-over-year growth rate over a specified period of time.

Household (or Consumer Unit): A Household is a consumer unit defined as either (1) all members of a particular household who are related by blood, marriage, adoption, or other legal arrangements; (2) a person living alone or sharing a household with others or living as a roomer in a private home or lodging house or in permanent living quarters in a hotel or motel, but who is financially independent; or (3) two or more persons living together who pool their income to make joint expenditure decisions. Financial independence is determined by the three major expense categories: housing, food, and other living expenses. To be considered financially independent, a respondent must provide at least two of the three major expense categories.

Household Growth: The growth in number of households as projected by available technical/professional or government data.

Household Income: Household income is the sum of money income received in the calendar year by all household members 15 years old and over, including household members not related to the householder, people living alone, and other nonfamily household members. Included in the total are amounts reported separately for wage or salary income; net self-employment income; interest, dividends, or net rental or royalty income or income from estates and trusts; Social Security or Railroad Retirement income; Supplemental Security Income (SSI); public assistance or welfare payments; retirement, survivor, or disability pensions; and all other income.

Sales Leakage: Sales leakage is calculated as the amount of total “sales” within a defined geographic area minus the amount of “spending” by residents from that same area. “Sales” is defined by the total dollar amount which has been transacted annually within a geographic area (by both residents and non-residents) and “spending” is defined by total dollar purchases made by residents of and within that same geographic area.

Trade Area: The Trade Area is defined as the area within a 25-minute drive of the location of the Specific Plan. This Trade Area is broken up into two market areas: the Primary Market Area (“PMA”) and Secondary Market Area (“SMA”). The PMA is defined as the area within a 10-minute drive of the Specific Plan. The SMA is defined as the area within a 10- to 25-minute drive of the Project (exclusive of the PMA).

8.0 Appendices

Appendix 4.1.1 (Existing Retail Centers within the Trade Area)

	Center Name	Address	RBA/GLA	Center Type	Anchor Tenants	City	Zip
1	Tamarack Shopping Center	985 Tamarack Ave	53,666	Neighborhood Center	Rite Aid,Vons	Carlsbad	92008
2	The Island @ Carlsbad	5808-5814 Van Allen Way	53,871	Neighborhood Center		Carlsbad	92008
3	Carlsbad Village	Multiple	Varies			Carlsbad	92008
4	Poinsettia Plaza	955 Carlsbad Village Dr	60,000	Neighborhood Center	Albertsons	Carlsbad	92008
5	Village Faire	300 Carlsbad Village Dr	87,419	Neighborhood Center	Ocean House	Carlsbad	92008
6	Carlsbad Plaza South	2602 El Camino Real	102,216	Neighborhood Center	Henry's Farmers Market	Carlsbad	92008
7	Bressi Ranch Village Center	2675 Gateway Rd	116,723	Neighborhood Center	Stater Bros.,Trader Joe's	Carlsbad	92008
8	North County Plaza	1810 Marron Rd	160,928	Community Center	Marshalls,Dollar Tree	Carlsbad	92008
9	Carlsbad Plaza	2502 El Camino Real	171,911	Community Center	Vons,Fuse Fitness,CVS Pharmacy	Carlsbad	92008
10	La Costa Town Square	7730 Rancho Santa Fe Rd	253,800	Strip Center	Von's (2014)	Carlsbad	92008
11	The Forum at Carlsbad	1901 Calle Barcelona	264,586	Lifestyle Center	Bed Bath & Beyond,Jimbo's	Carlsbad	92008
12	Carlsbad Premium Outlets	5620 Paseo Del Norte	287,931	Outlet Center	Barneys New York,Kenneth Cole	Carlsbad	92008
13	Car Country Carlsbad	5444 Paseo Del Norte	290,274	Community Center	Bob Baker Mazda	Carlsbad	92008
14	Westfield Plaza Camino Real	2525 El Camino Real	1,129,197	Super Regional Mall	JCPenney,Sears,Macy's	Carlsbad	92008
15	Westbluff Plaza	6992 El Camino Real	61,410	Neighborhood Center		Carlsbad	92009
16	Los Coches Village	3231 Rancho Santa Fe Rd	78,481	Neighborhood Center	Henry's Farmers Market,PETCO	Carlsbad	92009
17	La Costa Plaza	1980 La Costa Ave	80,739	Neighborhood Center	Albertsons	Carlsbad	92009
18	Plaza Paseo Real	6941 El Camino Real	142,711	Community Center	Vons,UltraStar Theaters	Carlsbad	92009
19	La Costa Towne Center	7720 El Camino Real	195,844	Neighborhood Center		Carlsbad	92009
20	Loker Center	2712 Loker Ave W	34,327	Neighborhood Center	Staples	Carlsbad	92010
21	Poinsettia Village	7030 Avenida Encinas	156,928	Community Center	Ralphs,Rite Aid	Carlsbad	92011
22	Del Mar Plaza	1555 Camino Del Mar	74,631	Neighborhood Center	Harvest Ranch Market	Del Mar	92014
23	Flower Hill Promenade	2610 Via De La Valle	108,020	Neighborhood Center	UltraStar Cinemas	Del Mar	92014
24	Del Mar Heights Village	2602 Del Mar Heights Rd	161,590	Neighborhood Center	Vons,CVS Pharmacy	Del Mar	92014
25	Del Mar Center	2707 Via De La Valle	164,034	Neighborhood Center	Albertsons,PETCO,Dunn-Edwards Paints,Pier 1 Imports	Del Mar	92014
26		538 Santa Fe Dr	25,000	Strip Center		Encinitas	92024
27	El Camino Square	191 N El Camino Real	28,999	Strip Center		Encinitas	92024
28	Encinitas Village Square I	1446 Encinitas Blvd	31,479	Neighborhood Center		Encinitas	92024
29	Little Oaks Plaza	362 N El Camino Real	35,250	Neighborhood Center		Encinitas	92024
30	Camino Encinitas Plaza	318 N El Camino Real	44,099	Theme/Festival Center		Encinitas	92024
31	251-277 N El Camino Real	247 N El Camino Real	45,139	Neighborhood Center		Encinitas	92024
32	Encinitas Village Square I & II	1500 Encinitas Blvd	47,263	Neighborhood Center		Encinitas	92024
33	Big Bear Encinitas Center	154 Encinitas Blvd	55,672	Neighborhood Center	PETCO,Smart & Final	Encinitas	92024
34	Rancho Santa Fe Plaza	162 S Rancho Santa Fe Rd	70,629	Neighborhood Center		Encinitas	92024
35	The Lumberyard	701 S Coast Hwy 101	81,398	Neighborhood Center	Billabong Store	Encinitas	92024
36	Henry's Marketplace Center	1271 Encinitas Blvd	88,734	Neighborhood Center	Henry's Farmers Market	Encinitas	92024
37	Encinitas Town & Country Shopping Center	407 Encinitas Blvd	88,977	Neighborhood Center	CVS Pharmacy	Encinitas	92024
38		331 El Camino Real	96,043	Community Center	Michaels	Encinitas	92024
39	Santa Fe Plaza	415 Santa Fe Dr	103,875	Neighborhood Center	Rite Aid	Encinitas	92024
40	Encinitas Marketplace	118 N El Camino Real	135,455	Neighborhood Center		Encinitas	92024
41	El Camino Promenade	204 N El Camino Real	140,594	Community Center	Golf Galaxy,BevMo! Beverages & More,Staples,Dollar Tree	Encinitas	92024
42	The Plaza Encinitas Ranch	1550 Leucadia Blvd	177,995	Power Center		Encinitas	92024
43	Encinitas Village	105 N El Camino Real	183,675	Community Center	Ralphs,CVS Pharmacy,Trader Joe's	Encinitas	92024
44	Camino Village Plaza	256 El Camino Real	238,363	Community Center	Vons,HomeGoods,PEPBOYS AUTO	Encinitas	92024
45	El Camino Commons	141 S El Camino Real	252,083	Community Center	99 Cents Only Store,Kelly Paper	Encinitas	92024

	Center Name	Address	RBA/GLA	Center Type	Anchor Tenants	City	Zip
46	Encinita Ranch Town Center	1006 N El Camino Real	795,033	Power Center	Target, Stater Bros., Sports Authority, Best Buy, Office Depot, Ross Dress for Less, PetSmart, Barnes & Noble	Encinitas	92024
47	Del Norte Plaza	W. El Norte & Centre City Pkwy.	231,157		Vons, LA Fitness, CVS/Pharmacy, Kahoots Animal Supply	Escondido	92026
48	Escondido Promenade	1200 W. Valley Parkway	413,112		Target, Toys R Us, Dick's Sporting Goods, Ross Dress For Less	Escondido	92029
49	Felicita Junction	540 W. Felicita Avenue	45,000			Escondido	
50	Washington Square	1111 E. Washington Ave	56,842			Escondido	
51	Gateway Center	810 W. Valley Parkway	89,730			Escondido	
52	Home Depot Center	1550 W. Valley Parkway	89,730			Escondido	
53	Escondido Valley Venter	1346 W. Valley Parkway	90,549			Escondido	
54	Felicita Plaza	325 Felicita Avenue	93,361			Escondido	
55	Signature Pavilion	300 W. Valley Parkway	100,000			Escondido	
56	Escondido Square	602 N Escondido Blvd.	103,111			Escondido	
57	Country Corner Shopping Center	601 N Broadway	106,389			Escondido	
58	El Norte Vons Center	964 W. El Norte Parkway	114,691			Escondido	
59	Lowe's Center	620 W. Mission Ave	118,019			Escondido	
60	Parkway Place	645 W. Mission Ave	120,425			Escondido	
61	Plaza Las Palmas	970 W. Valley Parkway	126,400			Escondido	
62	Civic Center Plaza	311 N. Escondido Blvd.	250,000			Escondido	
63	Westfield North County	210 E. Via Rancho Parkway	1,250,000			Escondido	
64	Ocean Place Cinemas	401 Mission Ave	79,067		Regal Cinemas	Oceanside	92054
65	Camino Town & Country	2233 El Camino Real	232,958	Community Center	Target, Vacant, 24 Hour Fitness, Jo-Ann Fabrics & Craft	Oceanside	92054
66	Pacific Coast Plaza	2150 Vista Way	450,000		Walmart, Stater Bros. Market, Best Buy, The Sports Authority	Oceanside	92054
67	El Camino North	S. El Camino Blvd. & Vista Way	490,157			Oceanside	92054
68	Oceanside Pavilion	3480 Mission Avenue	940,000			Oceanside	92054
69	Old Grove Marketplace	125 Old Grove Rd	284,000		Lowe's, Ralphs	Oceanside	92056
70	Mission Marketplace	427 College Blvd	345,346		Ross, UltraStar Cinemas, Henry's Farmers Market, Big Lots	Oceanside	92057
71	Del Rayo Village	16089 San Dieguito Rd	69,422	Neighborhood Center		Rancho Santa Fe	92067
72	Sorrento Court	9420 Scranton Rd	59,485	Neighborhood Center	Staples	San Diego	92121
73	Plaza Sorrento	6705 Mira Mesa Blvd	106,522	Neighborhood Center	fresh&easy Neighborhood Market, BevMo! Beverages & More	San Diego	92121
74	Westfield UTC	4545 La Jolla Village Dr	1,500,190	Super Regional Mall	Macy's, Nordstrom, Sears, Crate & Barrel	San Diego	92122
75	Torrey Hills Marketplace	4639 Carmel Mountain Rd	85,834	Neighborhood Center	Vons	San Diego	92130
76	Carmel Country Plaza	12750 Carmel Country Rd	93,754	Neighborhood Center		San Diego	92130
77	Piazza Carmel	3804 Valley Centre Dr	215,096	Neighborhood Center	Vons, Ace Hardware	San Diego	92130
78	Del Mar Highlands Town Center	3433 Del Mar Heights Rd	269,606	Power Center	Ralphs, UltraStar Cinemas, Rite Aid, Barnes & Noble	San Diego	92130
79	Creekside Market Place	SEQ Hwy. 78 & San Marcos Blvd.	281,651		Lowe's, Best Buy, Staples	San Marcos	92069
80	Nordahl Marketplace	732 Center Drive	312,000	Power Center	Walmart, Kohl's, Guitar Center	San Marcos	92069
81	Grand Plaza	101 S Las Pintas Rd	356,639		Sport Chalet, Nordstrom Rack, Marshalls, Ross Dress For Less	San Marcos	92078
82	Mercado Del Sol	731 S Hwy 101	39,745	Neighborhood Center		Solana Beach	92075
83	BeachWalk Shopping Center	437 S Highway 101	53,636	Strip Center		Solana Beach	92075
84	Lomas Santa Fe Plaza & Gardens	911 Lomas Santa Fe Dr	239,422	Community Center	Vons, Ross Dress for Less, We-R-Fabrics, Inc.	Solana Beach	92075
85	Solana Beach Town Centre	622 San Rodolfo Dr	256,728	Community Center	Dixieline ProBuild, Marshalls, Discount Tire Company, Inc., CVS Pharmacy, Henry's Farmers Market, Henry's Market place	Solana Beach	92075
86	Vista Village	151 Vista Village Drive	347,534		Lowe's, Krikorian Theatres, Vacant, Frazier Farms	Vista	92083
87	North County Square	NWQ Hwy. 78 & Sycamore Dr.	600,000		Target Greatland, Sam's Club, Walmart, Babies R Us	Vista	92083

Appendix 4.2.1

Proposed Projects within the Trade Area						
Project Name	Location	Description	Assumed Opening	Total Square Feet	Location Within Trade Area	Primary Retail Types
1 Palomar Commons	2521 Palomar Airport Road	Lowes, Bank, Restaurants	2013	184,900	SMA	Building/Hardware
2 Escondido Walmart	1266 E. Valley Parkway	Big Box, Grocery	2014	137,000	SMA	GAFO, Food
3 La Costa Town Square	NEC of La Costa Avenue & Rancho Santa Fe Road	Von's, 24-Hour Fitness, Restaurants, Banks, Petco	2015	267,400	SMA	GAFO, Food, Eating and Drinking
4 Flower Hill Promenade Expansion	12750 Carmel Country Road	Existing Neighborhood Center. Plans are to add approximately 61,000 square feet of new retail including a 35,000 square foot Whole Foods Market.	2013	70,000	SMA	GAFO, Eating and Drinking
5 One Paseo	SWC of Del Mar Heights Road & El Camino Real	Small grocer, restaurants, retail	2018	198,500	SMA	GAFO, Food, Eating and Drinking
6 Del Mar Highlands Town Center Expansion	3433 Del Mar Heights Road	Existing Community Center with Ralphs, Ultra Star Cinemas, Rite Aid, Barnes & Noble. Expansion is planned with exterior renovation on existing retail buildings and new planned retail.	2017	80,000	SMA	GAFO, Food, Eating and Drinking
7 Pacific Highlands Ranch Village	NEC of Del Mar Heights Road and Village Center Loop	Neighborhood Center expected to be developed by Pardee Homes as part of the larger Pacific Highlands Ranch residential development.	2015	163,600	SMA	GAFO, Food, Eating and Drinking, Medical
8 Westfield University Town Center Expansion	4545 La Jolla Village Drive	ArcLight, 24 Hour Fitness, Restaurants, Retail	2014	750,000	SMA	GAFO, Eating and Drinking

Source: The City of Carlsbad; Del Mar; Encinitas; Escondido; Oceanside; Poway; San Diego; San Marcos; Solana Beach; Vista; San Diego County; Kosmont Companies, 2015

Appendix 5.1.1

Retail Category	Net Supportable Retail Space (SF, Baseline \$/SF)										
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Shopper Goods	1,094,617	1,125,560	1,156,819	1,188,399	1,220,303	1,252,533	1,285,093	1,317,987	1,351,218	1,384,789	1,418,705

Source: California State Board of Equalization, 2007-2012; ESRI, 2015; Kosmont, 2015

Appendix 5.2.1

Retail Category	Net Supportable Retail Space (SF, Baseline \$/SF)										
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Food (Supermarkets)	161,669	169,436	177,281	185,204	193,204	201,285	209,445	217,687	226,010	234,415	242,904
Eating and Drinking	299,527	308,444	317,453	326,554	335,749	345,039	354,424	363,905	373,484	383,162	392,939

Source: California State Board of Equalization, 2007-2012; ESRI, 2015; Kosmont, 2015

Appendix 6.1.1

	Households															
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
PMA	52,798	53,176	53,557	53,940	54,326	54,824	55,327	55,834	56,346	56,863	57,384	57,911	58,442	58,978	59,518	60,064
SMA	196,522	198,106	199,702	201,311	202,933	205,165	207,421	209,703	212,009	214,341	216,698	219,082	221,491	223,927	226,390	228,880
TOTAL	249,320	251,281	253,258	255,251	257,259	259,989	262,748	265,537	268,356	271,204	274,083	276,992	279,933	282,905	285,909	288,945
PMA CAGR		0.72%	0.72%	0.72%	0.72%	0.92%	0.92%	0.92%	0.92%	0.92%	0.92%	0.92%	0.92%	0.92%	0.92%	0.92%
SMA CAGR		0.81%	0.81%	0.81%	0.81%	1.10%	1.10%	1.10%	1.10%	1.10%	1.10%	1.10%	1.10%	1.10%	1.10%	1.10%
Avg CAGR					0.79%	1.06%	1.06%	1.06%	1.06%	1.06%	1.06%	1.06%	1.06%	1.06%	1.06%	1.06%

Source: ESRI, 2015; Kosmont Companies, 2015

Appendix 6.2.1

	Average Household Income															
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
PMA	\$80,229	\$ 80,757	\$ 81,289	\$ 81,823	\$ 82,362	\$ 84,998	\$ 84,998	\$ 84,998	\$ 84,998	\$ 84,998	\$ 84,998	\$ 84,998	\$ 84,998	\$ 84,998	\$ 84,998	\$ 84,998
SMA	93,702	95,030	96,376	97,741	99,126	102,404	102,404	102,404	102,404	102,404	102,404	102,404	102,404	102,404	102,404	102,404
TOTAL	\$90,849	\$ 92,009	\$ 93,185	\$ 94,378	\$ 95,586	\$ 98,734	\$ 98,739	\$ 98,744	\$ 98,749	\$ 98,755	\$ 98,760	\$ 98,765	\$ 98,770	\$ 98,776	\$ 98,781	\$ 98,786
PMA CAGR		0.66%	0.66%	0.66%	0.66%	3.20%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
SMA CAGR		1.42%	1.42%	1.42%	1.42%	3.31%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Avg CAGR					1.28%	3.29%	0.01%	0.01%	0.01%	0.01%	0.01%	0.01%	0.01%	0.01%	0.01%	0.01%

Source: ESRI, 2015; Kosmont Companies 2015

Appendix 6.3.1

	Total Household Income (Billions, Constant Dollars 2015+)															
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
PMA	\$ 4.24	\$ 4.29	\$ 4.35	\$ 4.41	\$ 4.47	\$ 4.66	\$ 4.70	\$ 4.75	\$ 4.79	\$ 4.83	\$ 4.88	\$ 4.92	\$ 4.97	\$ 5.01	\$ 5.06	\$ 5.11
SMA	18.41	18.83	19.25	19.68	20.12	21.01	21.24	21.47	21.71	21.95	22.19	22.43	22.68	22.93	23.18	23.44
TOTAL	\$ 22.65	\$ 23.12	\$ 23.60	\$ 24.09	\$ 24.59	\$ 25.67	\$ 25.94	\$ 26.22	\$ 26.50	\$ 26.78	\$ 27.07	\$ 27.36	\$ 27.65	\$ 27.94	\$ 28.24	\$ 28.54
PMA CAGR		1.379%	1.379%	1.379%	1.38%	4.15%	0.92%	0.92%	0.92%	0.92%	0.92%	0.92%	0.92%	0.92%	0.92%	0.92%
SMA CAGR		2.234%	2.234%	2.234%	2.23%	4.44%	1.10%	1.10%	1.10%	1.10%	1.10%	1.10%	1.10%	1.10%	1.10%	1.10%
Avg CAGR		2.074%	2.075%	2.076%	2.08%	4.39%	1.07%	1.07%	1.07%	1.07%	1.07%	1.07%	1.07%	1.07%	1.07%	1.07%

Source: ESRI, 2010; Kosmont Companies 2015

Appendix 6.5.1

	Expected Spending (Billions, Constant Dollars 2015+)																
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	
PMA	\$ 1.53	\$ 1.55	\$ 1.57	\$ 1.59	\$ 1.61	\$ 1.68	\$ 1.69	\$ 1.71	\$ 1.73	\$ 1.74	\$ 1.76	\$ 1.77	\$ 1.79	\$ 1.81	\$ 1.82	\$ 1.84	
PMA V&B	0.23	0.23	0.24	0.24	0.24	0.25	0.25	0.26	0.26	0.26	0.26	0.27	0.27	0.27	0.27	0.28	
TOTAL PMA	\$ 1.75	\$ 1.78	\$ 1.80	\$ 1.83	\$ 1.85	\$ 1.93	\$ 1.95	\$ 1.97	\$ 1.98	\$ 2.00	\$ 2.02	\$ 2.04	\$ 2.06	\$ 2.08	\$ 2.10	\$ 2.11	
SMA	\$ 6.25	\$ 6.39	\$ 6.54	\$ 6.68	\$ 6.83	\$ 7.14	\$ 7.21	\$ 7.29	\$ 7.37	\$ 7.46	\$ 7.54	\$ 7.62	\$ 7.70	\$ 7.79	\$ 7.87	\$ 7.96	
SMA V&B	0.94	0.96	0.98	1.00	1.02	1.07	1.08	1.09	1.11	1.12	1.13	1.14	1.16	1.17	1.18	1.19	
TOTAL SMA	\$ 7.19	\$ 7.35	\$ 7.52	\$ 7.69	\$ 7.86	\$ 8.21	\$ 8.30	\$ 8.39	\$ 8.48	\$ 8.57	\$ 8.67	\$ 8.76	\$ 8.86	\$ 8.96	\$ 9.06	\$ 9.15	
TOTAL	\$ 8.95	\$ 9.13	\$ 9.32	\$ 9.51	\$ 9.71	\$ 10.14	\$ 10.24	\$ 10.35	\$ 10.46	\$ 10.58	\$ 10.69	\$ 10.80	\$ 10.92	\$ 11.03	\$ 11.15	\$ 11.27	

Source: ESRI, 2010; Kosmont Companies 2015

Appendix 6.7.1

	Distribution of Retail Sales - PMA															
Retail Category	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Shopper Goods Food (Supermarkets) Eating and Drinking	37.6%	35.8%	34.5%	36.0%	36.0%	36.0%	36.0%	36.0%	36.0%	36.0%	36.0%	36.0%	36.0%	36.0%	36.0%	36.0%
	16.3%	15.5%	14.9%	15.6%	15.6%	15.6%	15.6%	15.6%	15.6%	15.6%	15.6%	15.6%	15.6%	15.6%	15.6%	15.6%
	12.5%	12.2%	12.4%	12.4%	12.4%	12.4%	12.4%	12.4%	12.4%	12.4%	12.4%	12.4%	12.4%	12.4%	12.4%	12.4%
TOTAL	66.4%	63.5%	61.8%	63.9%	63.9%	63.9%	63.9%	63.9%	63.9%	63.9%	63.9%	63.9%	63.9%	63.9%	63.9%	63.9%

Source: California State Board of Equalization, 2007-2012; ESRI, 2015; Kosmont, 2015

Appendix 6.7.2

	Distribution of Retail Sales - SMA															
Retail Category	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Shopper Goods	36.2%	34.6%	34.0%	34.9%	34.9%	34.9%	34.9%	34.9%	34.9%	34.9%	34.9%	34.9%	34.9%	34.9%	34.9%	34.9%
Food (Supermarkets)	17.4%	16.7%	16.1%	16.7%	16.7%	16.7%	16.7%	16.7%	16.7%	16.7%	16.7%	16.7%	16.7%	16.7%	16.7%	16.7%
Eating and Drinking	13.1%	12.9%	13.1%	13.0%	13.0%	13.0%	13.0%	13.0%	13.0%	13.0%	13.0%	13.0%	13.0%	13.0%	13.0%	13.0%
TOTAL	66.6%	64.2%	63.2%	64.7%	64.7%	64.7%	64.7%	64.7%	64.7%	64.7%	64.7%	64.7%	64.7%	64.7%	64.7%	64.7%

Source: California State Board of Equalization, 2007-2012; ESRI, 2015; Kosmont, 2015

Appendix 6.9.1 (\$Millions)

Retail Category	Expected Sales Capture - PMA															
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Shopper Goods	\$ 461.9	\$ 445.9	\$ 435.8	\$ 460.5	\$ 466.8	\$ 486.2	\$ 490.6	\$ 495.1	\$ 499.7	\$ 504.2	\$ 508.9	\$ 513.5	\$ 518.2	\$ 523.0	\$ 527.8	\$ 532.6
Food (Supermarkets)	229.1	220.6	214.6	227.6	230.8	240.4	242.6	244.8	247.0	249.3	251.6	253.9	256.2	258.6	260.9	263.3
Eating and Drinking	153.6	151.6	156.3	158.1	160.3	166.9	168.5	170.0	171.6	173.1	174.7	176.3	177.9	179.6	181.2	182.9
TOTAL	\$ 844.6	\$ 818.0	\$ 806.7	\$ 846.2	\$ 857.9	\$ 893.4	\$ 901.6	\$ 909.9	\$ 918.3	\$ 926.7	\$ 935.2	\$ 943.7	\$ 952.4	\$ 961.1	\$ 970.0	\$ 978.8

Source: California State Board of Equalization, 2007-2012; ESRI, 2015; Kosmont, 2015

Appendix 6.9.2 (\$Millions)

Retail Category	Expected Sales Capture - SMA															
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Shopper Goods	\$ 520.2	\$ 508.7	\$ 511.6	\$ 536.8	\$ 548.8	\$ 573.2	\$ 579.5	\$ 585.9	\$ 592.3	\$ 598.9	\$ 605.4	\$ 612.1	\$ 618.8	\$ 625.6	\$ 632.5	\$ 639.5
Food (Supermarkets)	125.3	122.9	120.9	128.7	131.5	137.4	138.9	140.4	142.0	143.5	145.1	146.7	148.3	149.9	151.6	153.2
Eating and Drinking	187.7	189.5	196.3	199.8	204.3	213.3	215.7	218.0	220.4	222.9	225.3	227.8	230.3	232.8	235.4	238.0
TOTAL	\$ 833.2	\$ 821.2	\$ 828.7	\$ 865.3	\$ 884.6	\$ 923.9	\$ 934.1	\$ 944.3	\$ 954.7	\$ 965.2	\$ 975.8	\$ 986.6	\$ 997.4	\$ 1,008.4	\$ 1,019.5	\$ 1,030.7

Source: California State Board of Equalization, 2007-2012; ESRI, 2015; Kosmont, 2015

Appendix 6.9.3 (\$Millions)

Retail Category	Expected Sales Capture - PMA & SMA															
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Shopper Goods	\$ 982.1	\$ 954.6	\$ 947.4	\$ 997.3	\$ 1,015.6	\$ 1,059.4	\$ 1,070.1	\$ 1,081.0	\$ 1,092.0	\$ 1,103.1	\$ 1,114.3	\$ 1,125.6	\$ 1,137.1	\$ 1,148.6	\$ 1,160.3	\$ 1,172.1
Food (Supermarkets)	354.4	343.5	335.5	356.3	362.3	377.7	381.4	385.2	389.0	392.8	396.7	400.6	404.5	408.5	412.5	416.6
Eating and Drinking	341.4	341.1	352.6	357.9	364.5	380.3	384.1	388.1	392.0	396.0	400.0	404.1	408.2	412.4	416.6	420.9
TOTAL	\$ 1,677.9	\$ 1,639.2	\$ 1,635.4	\$ 1,711.5	\$ 1,742.5	\$ 1,817.4	\$ 1,835.7	\$ 1,854.3	\$ 1,873.0	\$ 1,891.9	\$ 1,911.0	\$ 1,930.3	\$ 1,949.8	\$ 1,969.5	\$ 1,989.4	\$ 2,009.6

Source: California State Board of Equalization, 2000-2009; ESRI, 2011; Kosmont, 2011

Appendix 6.11.1 (\$Millions)

Retail Category	Expected Net Retail Demand (Millions)														
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	
Shopper Goods	\$ 268.7	\$ 318.7	\$ 337.0	\$ 380.7	\$ 391.5	\$ 402.4	\$ 413.4	\$ 424.5	\$ 435.7	\$ 447.0	\$ 458.4	\$ 470.0	\$ 481.7	\$ 493.5	
Food (Supermarkets)	35.1	55.9	61.9	77.3	81.0	84.8	88.6	92.4	96.3	100.2	104.1	108.1	112.1	116.2	
Eating and Drinking	102.5	107.9	114.5	130.2	134.1	138.0	142.0	146.0	150.0	154.1	158.2	162.4	166.6	170.8	
TOTAL	\$ 406.3	\$ 482.4	\$ 513.4	\$ 588.3	\$ 606.6	\$ 625.2	\$ 643.9	\$ 662.8	\$ 681.9	\$ 701.3	\$ 720.8	\$ 740.5	\$ 760.4	\$ 780.5	

Source: California State Board of Equalization, 2000-2009; ESRI, 2011; Kosmont, 2011

Appendix 6.12.1

		Net Supportable Retail Space (SF, Baseline \$/SF)													
Retail Category	\$/SF	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Shopper Goods	\$ 400	772,575	916,128	968,856	1,094,617	1,125,560	1,156,819	1,188,399	1,220,303	1,252,533	1,285,093	1,317,987	1,351,218	1,384,789	1,418,705
Food (Supermarkets)	550	73,330	116,869	129,440	161,669	169,436	177,281	185,204	193,204	201,285	209,445	217,687	226,010	234,415	242,904
Eating and Drinking	500	235,823	248,088	263,366	299,527	308,444	317,453	326,554	335,749	345,039	354,424	363,905	373,484	383,162	392,939
TOTAL		1,081,728	1,281,084	1,361,662	1,555,812	1,603,440	1,651,553	1,700,157	1,749,256	1,798,856	1,848,962	1,899,579	1,950,712	2,002,366	2,054,548

		Net Supportable Retail Space (SF, Mid \$/SF)													
Retail Category	\$/SF	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Shopper Goods	\$ 500	618,060	732,902	775,085	875,694	900,448	925,456	950,719	976,242	1,002,026	1,028,074	1,054,389	1,080,974	1,107,831	1,134,964
Food (Supermarkets)	700	57,616	91,825	101,703	127,026	133,129	139,292	145,517	151,804	158,152	164,564	171,039	177,579	184,184	190,853
Eating and Drinking	625	188,658	198,470	210,693	239,621	246,755	253,962	261,243	268,599	276,031	283,539	291,124	298,788	306,530	314,351
TOTAL		864,334	1,023,198	1,087,481	1,242,340	1,280,332	1,318,710	1,357,480	1,396,645	1,436,210	1,476,178	1,516,553	1,557,341	1,598,544	1,640,168

		Net Supportable Retail Space (SF, High \$/SF)													
Retail Category	\$/SF	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Shopper Goods	\$ 650	475,431	563,771	596,219	673,610	692,652	711,889	731,323	750,955	770,789	790,826	811,069	831,519	852,178	873,049
Food (Supermarkets)	850	47,449	75,621	83,755	104,609	109,635	114,711	119,838	125,015	130,243	135,523	140,856	146,242	151,681	157,173
Eating and Drinking	750	157,215	165,392	175,577	199,684	205,629	211,635	217,703	223,833	230,026	236,283	242,604	248,990	255,441	261,959
TOTAL		680,095	804,783	855,552	977,904	1,007,917	1,038,235	1,068,863	1,099,803	1,131,058	1,162,632	1,194,528	1,226,750	1,259,300	1,292,182

Source: California State Board of Equalization, 2007-2012; ESRI, 2015; Kosmont, 2015

Appendix 6.13.1

Net Supportable Retail Space (SF, Baseline \$/SF)

Shopper Goods	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Net Supportable Square Footage	1,094,617	1,125,560	1,156,819	1,188,399	1,220,303	1,252,533	1,285,093	1,317,987	1,351,218	1,384,789	1,418,705
Other Projects (Cumulative)	(215,508)	(215,508)	(222,508)	(270,408)	(270,408)	(270,408)	(270,408)	(270,408)	(270,408)	(270,408)	(270,408)
Specific Plan (Cumulative)	-	-	-	-	(409,000)	(409,000)	(409,000)	(409,000)	(409,000)	(409,000)	(409,000)
Surplus Supportable Square Footage	879,109	910,052	934,311	917,991	540,895	573,125	605,685	638,579	671,810	705,381	739,297
Food	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Net Supportable Square Footage	161,669	169,436	177,281	185,204	193,204	201,285	209,445	217,687	226,010	234,415	242,904
Other Projects (Cumulative)	(57,717)	(57,717)	(58,717)	(61,717)	(61,717)	(61,717)	(61,717)	(61,717)	(61,717)	(61,717)	(61,717)
Specific Plan (Cumulative)	-	-	-	-	(46,000)	(46,000)	(46,000)	(46,000)	(46,000)	(46,000)	(46,000)
Surplus Supportable Square Footage	103,952	111,719	118,564	123,486	85,487	93,567	101,728	109,969	118,292	126,698	135,187
Eating & Drinking	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Net Supportable Square Footage	299,527	308,444	317,453	326,554	335,749	345,039	354,424	363,905	373,484	383,162	392,939
Other Projects (Cumulative)	(120,692)	(120,692)	(127,692)	(142,292)	(142,292)	(142,292)	(142,292)	(142,292)	(142,292)	(142,292)	(142,292)
Specific Plan (Cumulative)	-	-	-	-	(69,000)	(69,000)	(69,000)	(69,000)	(69,000)	(69,000)	(69,000)
Surplus Supportable Square Footage	178,835	187,752	189,761	184,262	124,457	133,747	143,132	152,613	162,192	171,870	181,647

Net Supportable Retail Space (SF, Mid \$/SF)

Shopper Goods	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Net Supportable Square Footage	875,694	900,448	925,456	950,719	976,242	1,002,026	1,028,074	1,054,389	1,080,974	1,107,831	1,134,964
Other Projects (Cumulative)	(215,508)	(215,508)	(222,508)	(270,408)	(270,408)	(270,408)	(270,408)	(270,408)	(270,408)	(270,408)	(270,408)
Specific Plan (Cumulative)	-	-	-	-	(409,000)	(409,000)	(409,000)	(409,000)	(409,000)	(409,000)	(409,000)
Surplus Supportable Square Footage	660,186	684,940	702,948	680,311	296,834	322,618	348,666	374,981	401,566	428,423	455,556
Food	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Net Supportable Square Footage	127,026	133,129	139,292	145,517	151,804	158,152	164,564	171,039	177,579	184,184	190,853
Other Projects (Cumulative)	(57,717)	(57,717)	(58,717)	(61,717)	(61,717)	(61,717)	(61,717)	(61,717)	(61,717)	(61,717)	(61,717)
Specific Plan (Cumulative)	-	-	-	-	(46,000)	(46,000)	(46,000)	(46,000)	(46,000)	(46,000)	(46,000)
Surplus Supportable Square Footage	69,308	75,411	80,575	83,800	44,086	50,435	56,847	63,322	69,862	76,466	83,136
Eating & Drinking	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Net Supportable Square Footage	239,621	246,755	253,962	261,243	268,599	276,031	283,539	291,124	298,788	306,530	314,351
Other Projects (Cumulative)	(120,692)	(120,692)	(127,692)	(142,292)	(142,292)	(142,292)	(142,292)	(142,292)	(142,292)	(142,292)	(142,292)
Specific Plan (Cumulative)	-	-	-	-	(69,000)	(69,000)	(69,000)	(69,000)	(69,000)	(69,000)	(69,000)
Surplus Supportable Square Footage	118,929	126,063	126,270	118,951	57,307	64,739	72,247	79,832	87,495	95,237	103,059

Net Supportable Retail Space (SF, High \$/SF)

Shopper Goods	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Net Supportable Square Footage	673,610	692,652	711,889	731,323	750,955	770,789	790,826	811,069	831,519	852,178	873,049
Other Projects (Cumulative)	(215,508)	(215,508)	(222,508)	(270,408)	(270,408)	(270,408)	(270,408)	(270,408)	(270,408)	(270,408)	(270,408)
Specific Plan (Cumulative)	-	-	-	-	(409,000)	(409,000)	(409,000)	(409,000)	(409,000)	(409,000)	(409,000)
Surplus Supportable Square Footage	458,102	477,144	489,381	460,915	71,547	91,381	111,418	131,661	152,111	172,770	193,641
Food	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Net Supportable Square Footage	104,609	109,635	114,711	119,838	125,015	130,243	135,523	140,856	146,242	151,681	157,173
Other Projects (Cumulative)	(57,717)	(57,717)	(58,717)	(61,717)	(61,717)	(61,717)	(61,717)	(61,717)	(61,717)	(61,717)	(61,717)
Specific Plan (Cumulative)	-	-	-	-	(46,000)	(46,000)	(46,000)	(46,000)	(46,000)	(46,000)	(46,000)
Surplus Supportable Square Footage	46,892	51,918	55,994	58,120	17,297	22,526	27,806	33,139	38,524	43,963	49,456
Eating & Drinking	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Net Supportable Square Footage	199,684	205,629	211,635	217,703	223,833	230,026	236,283	242,604	248,990	255,441	261,959
Other Projects (Cumulative)	(120,692)	(120,692)	(127,692)	(142,292)	(142,292)	(142,292)	(142,292)	(142,292)	(142,292)	(142,292)	(142,292)
Specific Plan (Cumulative)	-	-	-	-	(69,000)	(69,000)	(69,000)	(69,000)	(69,000)	(69,000)	(69,000)
Surplus Supportable Square Footage	78,992	84,937	83,943	75,411	12,541	18,734	24,991	31,312	37,698	44,149	50,667

Source: California State Board of Equalization, 2007-2012; ESRI, 2015; Kosmont, 2015

Memorandum

To: Dudek, 605 Third Street, Encinitas, CA 92024
Caruso Acquisition Co. II, LLC, 701 Palomar Airport Road, Suite 130
Carlsbad, CA 92011

From: Larry J. Kosmont, CRE®, President & CEO, Kosmont Companies
Joseph Dieguez, Vice President, Kosmont Companies

Date: May 8, 2015

Subject: **Open Space Public Benefits Analysis – Agua Hedionda South Shore
Specific Plan for 85% Open Space and 15% Retail**

I. Background & Purpose

The Agua Hedionda South Shore Specific Plan for 85% Open Space and 15% Retail (“Agua Hedionda 85/15 Specific Plan” or “Specific Plan”) is comprised of approximately 203.4 acres of land between the south shore of the Agua Hedionda Lagoon and Cannon Road (“Site”) in the City of Carlsbad, California (“City”). The Specific Plan will permanently protect and conserve approximately 176.7 acres for open space, the continuation of strawberry farming and coastal agricultural (more than 85% of the Specific Plan area), and will reserve approximately 26.7 acres (less than 15% of the Specific Plan area) for a new pedestrian-friendly visitor serving outdoor retail, shopping, dining and entertainment promenade, all at no tax burden to the residents of Carlsbad. The Specific Plan requires that the open space lands be improved with low impact public access by providing passive recreation amenities including miles of new nature trails and walkways, picnic and rest areas, lagoon vistas, an outdoor classroom, parking and an integrated resource and educational signage program. The Outdoor Shopping, Dining and Entertainment Promenade, together with supporting uses including a farm-to-table restaurant and farm stand will provide for a total of approximately 585,000 square feet of visitor serving uses within the Specific Plan. The implementation of the Specific Plan is anticipated to occur between 2017 and 2019. This report has been prepared consistent with the Specific Plan.

The Specific Plan applicant requested that Kosmont Companies (“Kosmont”) prepare this Public Benefits Analysis (“Analysis”) to evaluate the value of the abovementioned public benefits from the open space component of the Specific Plan to the City. This Memorandum presents a summary of the Analysis.

II. Assumptions

The Parks and Trail Maintenance Program (“Program”) within the Parks and Recreation Group of the City’s Community Services Department is charged with the maintenance of approximately 324 acres of community parks and special use areas (e.g., civic facility landscape, school athletic fields, downtown village streetscapes, beach access points, other community improvements), approximately 685 acres of habitat preserve, urban forests, and undeveloped land, and approximately 47 miles of trails.

Key Program activities include open space management, trail maintenance, turf and landscape maintenance, restroom maintenance, litter control, picnic area services, court/field/tot-lot maintenance, irrigation maintenance, tree inspection/pruning, and miscellaneous other maintenance. The program has an annual operating budget in the 2014-15 Fiscal Year of approximately \$6.8 million, comprised of approximately \$4.1 million in maintenance and operations costs and \$2.7 million in personnel costs (28 full time positions and 9.5 part-time positions).

As related to potential Program and other City costs, Kosmont has reviewed a range of one-time and ongoing development, maintenance, and operating cost estimates for proposed open space improvements as estimated by the City and the Specific Plan applicant’s environmental consultants. The range of costs represents a range in quantity and quality of improvements (e.g., number of benches, picnic tables, open air theater) and maintenance and operating service (e.g., quarterly versus semiannual monitoring and reporting).

Estimates include, but are not limited to:

1. Direct / Hard Construction Costs

- a. Infrastructure (e.g., earthwork, water/sewer utilities, paving, concrete, lighting, infiltration quality treatment basins)
- b. Site amenities (e.g., furnishings, signage, trailhead kiosks, picnic areas, restrooms/drinking fountains, open air classroom, trash receptacles, interpretive overlooks, benches, trails, demarcation fencing)
- c. Offsite improvements (e.g., traffic controls/signalization, water/sewer utilities)

2. Indirect / Soft Costs (Design and Professional Services)

- a. Detailed design for Habitat Management Plan (“HMP”) Open Space, Passive Open Space, Exclusive Agricultural Open Space
- b. Restoration construction documents
- c. Permit assistance
- d. Storm-water Pollution Prevention Plan (SWPPP) preparation
- e. Long-term site and adaptive management plan preparation

3. Ongoing Operations and Maintenance

- a. Surveys, photo-documentation, vegetation mapping, weeding, erosion repair, trash pick up, patrolling, outreach, meeting attendance, annual reports

- b. Implementing adaptive management strategies to address unforeseen changes in site conditions or other components of the habitat restoration
 - c. Infrastructure / amenities (e.g., cleaning and servicing of facilities, trash pick up, trash can servicing and trash removal)
4. Capital / Replacement Expenditures
- a. Infrastructure (e.g., earthwork, water/sewer utilities, paving, concrete, lighting, infiltration quality treatment basins)
 - b. Site amenities (e.g., furnishings, signage, fitness stations, Native American interpretive gardens, bridge/drainage crossing, trailhead kiosks, picnic areas/shaded structures, restrooms/drinking fountains, open air theater, dog stations, trash receptacles, interpretive overlooks, benches, trails, fencing).

III. Analysis Summary

Based on the City Budget assumptions and cost estimations prepared by the Specific Plan applicant's environmental consultants, the value of the public benefits represented by the private funding of installation, maintenance, and operation of the open space improvements is estimated in the range of approximately **\$10.0 to \$16.5 million**, not including the cost of the land, as summarized in Table 1.1 below.

Table 1.1: Overview of Open Space Public Benefit

<u>Open Space Improvements</u>			
	Low	Mid	High
Direct / Hard Construction Costs	\$4,769,700	\$6,773,600	\$9,010,100
Indirect / Soft Costs (e.g., Design, Related Professional Services)	\$831,000	\$1,061,640	\$1,348,500
Initial Capital Investment	\$5,600,700	\$7,835,200	\$10,358,600
Annual Ongoing Operations and Maintenance (Years 2-5)	\$209,180	\$286,940	\$365,625
Annual Ongoing Operations and Maintenance (Years 5+)	\$122,335	\$155,075	\$197,016
Ongoing Operations and Maintenance (50-Year PV @ 6%)	\$2,096,800	\$2,729,100	\$3,470,700
Annual Capital / Replacement Expenditure Costs	\$153,762	\$139,615	\$180,414
Capital / Replacement Expenditures (50-Year PV @ 6%)	\$2,278,600	\$2,068,900	\$2,673,500
Estimated Total (Initial Investment + PV of Ongoing Costs)	\$9,976,100	\$12,633,200	\$16,502,800

Note: Ongoing maintenance and operating costs estimated over a 50-year period. Land value not included. All amount in 2015 dollars.

Source: City of Carlsbad, Specific Plan applicant's environmental consultants (2015)

Memorandum

To: Bryce Ross

From: Larry J. Kosmont, President and CEO, Kosmont Companies
Wil Soholt, Senior Vice President, Kosmont Companies
Joseph Dieguez, Vice President, Kosmont Companies
Alenoush Mirzaians, Vice President, Kosmont Companies

Date: May 6, 2015

RE: **Tourism Related Economic Impacts Analysis for the Agua Hedionda South Shore Specific Plan for 85% Open Space and 15% Retail**

I. INTRODUCTION AND BACKGROUND

Background & Purpose

The Agua Hedionda South Shore Specific Plan for 85% Open Space and 15% Retail ("Agua Hedionda 85/15 Specific Plan" or "Specific Plan") is comprised of approximately 203.4 acres of land between the south shore of the Agua Hedionda Lagoon and Cannon Road in the City of Carlsbad, California ("City"). The Specific Plan will permanently protect and conserve approximately 176.7 acres for open space, the continuation of strawberry farming and coastal agricultural (more than 85% of the Specific Plan area), and will reserve approximately 26.7 acres (less than 15% of the Specific Plan area) for a new pedestrian-friendly visitor serving outdoor retail, shopping, dining and entertainment promenade, all at no tax burden to the residents of Carlsbad. The Specific Plan requires that the open space lands be improved with low impact public access by providing passive recreation amenities including miles of new nature trails and walkways, picnic and rest areas, lagoon vistas, an outdoor classroom, parking and an integrated resource and educational signage program. The Outdoor Shopping, Dining and Entertainment Promenade, together with supporting uses including a farm-to-table restaurant and farm stand will provide for a total of approximately 585,000 square feet of visitor serving uses within the Specific Plan. The implementation of the Specific Plan is anticipated to occur between 2017 and 2019. The value of the Specific Plan based on estimated development and tenant improvement costs and estimated income capitalization is in the range of approximately \$415 to \$466 million. This report has been prepared consistent with the Specific Plan.

The Specific Plan applicant requested that Kosmont Companies (“Kosmont”) prepare this Tourism Related Economic Impacts Memorandum (“Analysis”) to evaluate the tourism related fiscal and economic benefits of the Specific Plan to the City.

Summary of Findings

The Specific Plan is anticipated to attract a number of visitors (for the purposes of this Analysis, “visitors” are defined as visitors from outside City limits) for retail and entertainment excursions. As a result of this Analysis, Kosmont estimates that the Specific Plan could generate the following tourism related impacts:

- Generation of 81,900 to 124,800 additional room nights in the City annually.
- Total taxable retail spending of \$113.4 to \$172.8 million at City establishments, generating an incremental \$1.1 to \$1.7 million in annually recurring Sales and Use Tax revenue for the City.
- Additional accommodations expenditures of \$18.4 to \$34.3 million in the City, generating an incremental \$1.8 to \$3.4 million in annually recurring Transient Occupancy Tax (TOT) revenue for the City.

Table 1.1, Summary of Tourism Related Fiscal Revenues

	Lower Range	Upper Range
Annual Sales and Use Tax to City	\$1,134,000	\$1,728,000
Annual Transient Occupancy Tax Revenue to City	\$1,842,750	\$3,432,000
Annual Tourism-Related Tax Revenue to City	\$2,976,750	\$5,160,000

Source: San Diego Tourism Authority; Strategic Advisory Group 2015; City of Carlsbad; Smith Travel Research; City of Carlsbad hotel websites.

Notes: All amounts in 2015 dollars

- Tourism related economic benefits (including direct, indirect, and induced impacts) resulting from visitor expenditures on retail and accommodations. These benefits are comprised of:
 - 2,977 to 4,654 full time equivalent (FTE) jobs.
 - \$128.5 to \$199.9 million in labor income.
 - \$280.6 to \$437.7 million in total economic impact.

Table 1.2, Summary of Tourism Related Economic Impacts

Employment (FTE)		
	Lower Range	Upper Range
Direct	2,204	3,450
Indirect	273	427
Induced	500	777
Total	2,977	4,654

Labor Income (in \$ mil)		
	Lower Range	Upper Range
Direct	\$85.2	\$132.4
Indirect	\$17.5	\$27.4
Induced	\$25.8	\$40.1
Total	\$128.5	\$199.9

Economic Output (in \$ mil)		
	Lower Range	Upper Range
Direct	\$169.6	\$264.7
Indirect	\$45.1	\$70.5
Induced	\$65.8	\$102.4
Total	\$280.6	\$437.7

Source: IMPLAN Model
 Notes:
 All amounts in 2015 dollars

Potential tourism related economic benefits are discussed in further detail in the following section.

II. TOURISM

It is estimated that nearly 3 million tourists visit the City each year, frequenting such attractions as LEGOLAND California, the City's beaches, the Village, The Flower Fields, and resorts and hotels. Based on a City commissioned study by Strategic Advisory Group ("SAG"), the City has enjoyed increasing tourism activity in the last six years, with annual occupancy having increased each year between 2009 and 2014. However, at 68% occupancy in 2014, City hotels have high available capacity compared with a competitive set of coastal suburban California beach destinations benchmarked by SAG (including Santa Barbara, Newport Beach and Laguna Beach), while the total number of available rooms within the City are on the upper end of the competitive set, indicating a potential to increase the number of annual room nights in the City.¹

According to SAG, occupancy averaged 80% in the City during high season, defined as the period between April and August, in 2014. However, during low season, defined as the period between September and March, occupancy dropped to 62%. SAG's recommendations include shifting efforts towards increasing tourism during this period. The study's findings indicate that while mid to upper income families have shown the highest interest in visiting the City during the popular summer months, there could be potential to increase visitation during low season among older high income couples without children.² The report recommends that the City pursue efforts to increase visitation among this market segment that enjoys activities such as golf and sightseeing, with a high disposable income that lends itself to high end shopping and fine dining.

The SAG study also recommends creating an increased awareness of a more well rounded tourism offering, and anticipates that current and future retail development within the City will contribute towards this effort by improving the shopping experience. While retail centers such as the Carlsbad Premium Outlets currently generate some level of retail tourism activity, most shoppers do not spend the night in City; many are day visitors from Mexico or tourists who are transported in for the day from Los Angeles, generating very little overnight impact.³

The Specific Plan area would be located within a tourism centric corridor in Local Facilities Management Zone 13, which include LEGOLAND California, the Carlsbad Premium Outlets, the Museum of Making Music, the Gemological Institute, and several resorts and hotels. The Specific Plan area would also be located within two miles of the Village of Carlsbad. As such, the Specific Plan could have the potential to create a synergistic relationship with these nearby attractions, prompting visitors to spend an extra night in the City. It is reasonable to anticipate that the Specific Plan could be well

¹ "Tourism Industry Study - Prepared for the City of Carlsbad," Strategic Advisory Group, January 2015.

² Based SAG research from online data, past visitor profile studies, and an analysis of over 50,000 hotel guest records.

³ Source: Visit Carlsbad staff interviews.

aligned with SAG's recommendations to enhance the shopping experience the City, as well as cater to the target market segment identified for potential growth during low season.

Retail Expenditures

In order to provide an order of magnitude of potential economic benefits from visitor spending, Kosmont evaluated average visitor spending within San Diego County, and found that on average (taking into consideration both overnight and day visitors), each visitor spent \$80 per day on non-lodging purchases. From this information, as well as visitor estimates based upon similar projects, it is estimated that visitors to the Specific Plan could generate \$201.6 to \$307.2 million in spending (including onsite spending as well as expenditures at other establishments in the City). Based on an initial review of hotel and retail center placement in the area, it is estimated that 75% of these expenditures will take place within the City. Further, based on a review of visitor expenditure categories from the San Diego Tourism Authority, it is estimated that 75% of expenditures will be taxable. From this information, it is estimated that annual taxable retail spending within the City could total \$113.4 to \$172.8 million. With a City sales tax apportionment of 1.00%, the Specific Plan area would generate an incremental \$1.1 to \$1.7 million in incremental annual Sales and Use Tax revenue for the City.

Table 2.2, Tourism Related Retail Expenditures and Sales and Use Tax Generation

	Lower Range	Upper Range
Total Annual Retail Spending	\$201,600,000	\$307,200,000
Capture within City 75%		
Total Retail Spending within City	\$151,200,000	\$230,400,000
% Taxable (2) 75%		
Total Taxable Retail Spending within City	\$113,400,000	\$172,800,000
Sales and Use Tax Rate to City 1.00%		
Annual Sales and Use Tax Revenue to City	\$1,134,000	\$1,728,000

Source: San Diego Tourism Authority; City of Carlsbad.

Notes:

All amounts in 2015 dollars

(1) Excludes spending on lodging.

(2) Based on visitor spending data from San Diego Tourism Authority.

Lodging Expenditures

Based upon similar analyses, it is projected that the project will generate approximately 252,000 to 384,000 incremental room nights. Overnight visitors will have an economic impact on City lodging establishments as well as on the City's TOT revenues. Based on an average party size of 2.0 visitors, according to SAG, as well as hotel room distribution in the City and region, it is estimated that overnight guests to the Specific Plan area could generate 81,900 to 124,800 annual room nights within the City. Further, based on relevant average daily room rates in the local area (estimated between \$225 and \$275 for this Analysis), it is anticipated that overnight visitors to the Specific Plan area could generate between \$18.4 and \$34.3 million in annual room revenue within the City. At a TOT rate of 10%, this would translate into \$1.8 to \$3.4 million in additional annual TOT revenue for the City.

Table 2.3, Tourism Related Accommodations Expenditures and Transient Occupancy Tax Generation

	Lower Range	Upper Range
Estimated Annual Visitor Nights Generated by Specific Plan Area	252,000	384,000
Average Party Size (1)	2.0	
Estimated Annual Room Nights Generated by Specific Plan Area	126,000	192,000
City Capture (2)	65%	
Annual Room Nights Captured in City	81,900	124,800
Average Daily Rate (3)	\$225	\$275
Annual Room Revenue Generated by Specific Plan Area in City	\$18,427,500	\$34,320,000
Transient Occupancy Tax Rate	10.00%	
Annual Transient Occupancy Tax Revenue to City	\$1,842,750	\$3,432,000

Source: Strategic Advisory Group 2015; Smith Travel Research; City of Carlsbad hotel websites; City of Carlsbad; San Diego Tourism Authority.

Notes:

All amounts in 2015 dollars

(1) Based on estimated average party size for overnight visitors to City of Carlsbad, per SAG.

(2) Based on hotel room distribution within cities of Carlsbad, Oceanside, Encinitas, and Cardiff by the Sea, and San Diego County.

(3) Based on averages of high and low season rates listed on hotel websites.

Economic Impacts

This Analysis uses the IMPLAN (IMpact analysis for PLANning) econometric input/output model developed by the Minnesota IMPLAN Group to quantify the economic impact to the local region from annually recurring spending and lodging activity that would be generated by visitors to the Specific Plan area. This proprietary model estimates the economic benefits on the industries in a given geographic area and known economic inputs, such as employee spending estimates. The model estimates direct, indirect, and

induced benefits expressed in terms of increased spending (“economic output”), earnings (“labor income”), and job creation.

Direct benefits refer to the initial changes in total economic output, labor income, and employment resulting from expenditures. Examples of direct benefits include the spending and permanent jobs created at retail and lodging establishments within the City.

Indirect benefits result from the purchases made in response to the operations of these establishments by the industries that supply required goods and services. Indirect benefits occur in industries indirectly affected by the ongoing operation of these establishments, such as manufacturing and wholesale trade services.

Induced benefits are the changes in local spending by households employed directly or indirectly in affected industry sectors and the resultant economic activity as a result of the operations of these establishments and ongoing employee spending.

Based on the existing business profile within the corresponding North American Industry Classification System (NAICS) code, 100% of direct benefits are estimated to be captured within the City and County. 50% of indirect and induced benefits are estimated to be captured elsewhere within the County, and 10% of these County benefits are estimated to be captured within the City.

Retail expenditures by visitors to the Specific Plan area are estimated by IMPLAN to generate approximately 2,631 to 4,009 FTE jobs, approximately \$116.4 to \$177.4 million in labor income, and approximately \$250.7 to \$382.0 million in economic output annually in the region through direct, indirect, and induced economic activity.

Lodging expenditures by visitors to the Specific Plan area are estimated by IMPLAN to generate approximately 346 to 645 FTE jobs, approximately \$12.1 to \$22.5 million in labor income, and approximately \$29.9 to \$55.7 million in economic output annually in the region through direct, indirect, and induced economic activity. Table 2.4 on the following page details these impacts.

Table 2.4, Economic Impacts from Tourism Related Retail and Accommodations Spending

Impacts from Retail Expenditures

Employment (FTE)		
	Lower Range	Upper Range
Direct	1,935	2,949
Indirect	242	369
Induced	454	691
Total	2,631	4,009

Impacts from Accommodations Expenditures

Employment (FTE)		
	Lower Range	Upper Range
Direct	269	501
Indirect	31	58
Induced	46	86
Total	346	645

Labor Income (in \$ mil)		
	Lower Range	Upper Range
Direct	\$77.6	\$118.2
Indirect	\$15.5	\$23.6
Induced	\$23.4	\$35.6
Total	\$116.4	\$177.4

Labor Income (in \$ mil)		
	Lower Range	Upper Range
Direct	\$7.6	\$14.2
Indirect	\$2.0	\$3.8
Induced	\$2.4	\$4.5
Total	\$12.1	\$22.5

Economic Output (in \$ mil)		
	Lower Range	Upper Range
Direct	\$151.2	\$230.4
Indirect	\$39.8	\$60.7
Induced	\$59.6	\$90.9
Total	\$250.7	\$382.0

Economic Output (in \$ mil)		
	Lower Range	Upper Range
Direct	\$18.4	\$34.3
Indirect	\$5.3	\$9.8
Induced	\$6.2	\$11.5
Total	\$29.9	\$55.7

Source: IMPLAN Model

Notes:

All amounts in 2015 dollars

AGUA HEDIONDA SOUTH SHORE SPECIFIC PLAN FOR 85% OPEN SPACE AND 15% RETAIL

FISCAL IMPACT & ECONOMIC BENEFIT ANALYSIS *CARLSBAD, CA*

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1.0 Executive Summary

Background & Purpose

The Agua Hedionda South Shore Specific Plan for 85% Open Space and 15% Retail (“Agua Hedionda 85/15 Specific Plan” or “Specific Plan”) is comprised of approximately 203.4 acres of land between the south shore of the Agua Hedionda Lagoon and Cannon Road (“Site”) in the City of Carlsbad, California (“City”). The Specific Plan will permanently protect and conserve approximately 176.7 acres for open space, the continuation of strawberry farming and coastal agricultural (more than 85% of the Specific Plan area), and will reserve approximately 26.7 acres (less than 15% of the Specific Plan area) for a new pedestrian-friendly visitor serving outdoor retail, shopping, dining and entertainment promenade, all at no tax burden to the residents of Carlsbad. The Specific Plan requires that the open space lands be improved with low impact public access by providing passive recreation amenities including miles of new nature trails and walkways, picnic and rest areas, lagoon vistas, an outdoor classroom, parking and an integrated resource and educational signage program. The Outdoor Shopping, Dining and Entertainment Promenade, together with supporting uses including a farm-to-table restaurant and farm stand will provide for a total of approximately 585,000 square feet of visitor serving uses within the Specific Plan. The implementation of the Specific Plan is anticipated to occur between 2017 and 2019. The value of the Specific Plan based on estimated development and tenant improvement costs and estimated income capitalization is in the range of approximately \$415 to \$466 million. This report has been prepared consistent with the Specific Plan.

The Specific Plan applicant requested that Kosmont Companies (“Kosmont”) prepare this Fiscal Impact and Economic Benefit Analysis (“Analysis”) to evaluate the fiscal impacts and economic benefits of the Specific Plan to the City.

Summary of Findings

Annual Fiscal Impacts

The Specific Plan is estimated to generate annual fiscal revenues in the range of approximately \$4.1 to \$5.8 million, annual fiscal expenditures in the range of approximately \$1.4 to \$1.5 million, yielding an annual net fiscal impact (revenues net of expenditures) in the range of approximately \$2.7 to \$4.3 million to the City of Carlsbad (see Table 1.1).

The range of potential impacts (expressed in this Analysis as “Low / Mid / High”) is attributed primarily to potential variation in on-site retail sales, development and tenant improvement costs, and other factors.

Primary general fund revenues include sales tax generated on-site of approximately \$2.6 to \$4.2 million and property tax of approximately \$989,100 to \$1.1 million. Primary general fund expenditures include police services of approximately \$339,900 to \$361,000, community services of approximately \$304,500 to \$323,300, and fire services of approximately \$221,300 to \$235,000.

Table 1.1: Overview of Annual Fiscal Impacts

	Low	Mid	High
Estimated Annual Primary Fiscal Revenues	\$4,129,600	\$4,869,800	\$5,836,900
30-Year Nominal Total	\$188,461,600	\$223,225,000	\$268,782,500
30-Year Present Value (6% discount rate)	\$77,045,000	\$91,154,000	\$109,629,200
Estimated Annual Primary Fiscal Expenditures	\$1,439,300	\$1,483,900	\$1,528,400
30-Year Nominal Total	\$68,475,200	\$70,597,100	\$72,714,200
30-Year Present Value (6% discount rate)	\$27,701,300	\$28,559,600	\$29,416,000
Estimated Annual Net Fiscal Impact	\$2,690,300	\$3,385,900	\$4,308,500
30-Year Nominal Total	\$119,986,400	\$152,627,900	\$196,068,300
30-Year Present Value (6% discount rate)	\$49,343,700	\$62,594,400	\$80,213,200

Note: Estimated impacts upon completion & stabilization. All amounts in 2015 dollars.

Construction Related Economic Benefits

Implementation and construction of the proposed Specific Plan area is expected to generate significant one-time spending, create jobs, and boost the local economy. Using a proprietary economic impact model ("IMPLAN"), the Analysis estimates the generation of approximately 4,485 to 4,974 full-time equivalent ("FTE") construction-related jobs, approximately \$284 to \$315 million in labor income (wages), and approximately \$626 to \$698 million in economic output (spending) in the region through direct, indirect, and induced economic activity as detailed in Table 1.2. The range of potential impacts (expressed in this Analysis as "Low / Mid / High") is attributed primarily to potential variation development and tenant improvement costs.¹

Economic Benefits from Ongoing Operation

Ongoing operation of the Specific Plan area upon completion and stabilization is estimated by IMPLAN to generate approximately 2,298 to 2,440 FTE jobs, approximately \$102 to \$108 million in labor income, and approximately \$392 to \$624 million in economic output annually in the region through direct, indirect, and induced economic activity as delineated in Table 1.3. The

¹ 100% of direct benefits are estimated to be captured on-Site within the City and County. 50% of indirect and induced benefits are estimated to be captured elsewhere within the County, and 10% of these benefits are estimated to be captured within the City.

range of potential impacts (expressed in this Analysis as “Low / Mid / High”) is attributed primarily to potential variation in on-site retail sales.²

Impact and Related Fees

It is estimated that the Specific Plan applicant will contribute approximately \$9.7 to \$11.3 million to the City in primary one-time impact and other mitigation-related fees.

² 100% of direct benefits are estimated to be captured on-Site within the City and County. 50% of indirect and induced benefits are estimated to be captured elsewhere within the County, and 10% of these benefits are estimated to be captured within the City.

Table 1.2: Overview of Construction Related Economic Benefits
(Total of Direct, Indirect, and Induced Benefits)

Employment (FTE)			
Estimated Capture	Low	Mid	High
City	2,737	2,886	3,034
Remainder of County	828	873	919
County Total	3,565	3,759	3,953
Remainder of State	920	971	1,021
State Total	4,485	4,730	4,974

Labor Income (in \$ mil)			
Estimated Capture	Low	Mid	High
City	\$186.4	\$196.5	\$206.7
Remainder of County	\$46.3	\$48.9	\$51.4
County Total	\$232.7	\$245.4	\$258.1
Remainder of State	\$51.5	\$54.3	\$57.1
State Total	\$284.2	\$299.7	\$315.2

Economic Output (in \$ mil)			
Estimated Capture	Low	Mid	High
City	\$381.5	\$402.5	\$423.4
Remainder of County	\$117.3	\$123.7	\$130.1
County Total	\$498.7	\$526.1	\$553.5
Remainder of State	\$130.3	\$137.4	\$144.6
State Total	\$629.0	\$663.6	\$698.1

Note: Benefits over estimated 20-month construction period. All amounts in 2015 dollars.

Table 1.3: Overview of Economic Benefits from Ongoing Operation
(Total of Direct, Indirect, and Induced Benefits)

Employment (FTE)			
Estimated Capture	Low	Mid	High
City	1,721	1,774	1,827
Remainder of County	274	282	290
County Total	1,994	2,056	2,117
Remainder of State	304	313	323
State Total	2,298	2,369	2,440

Labor Income (in \$ mil)			
Estimated Capture	Low	Mid	High
City	\$69.4	\$71.6	\$73.7
Remainder of County	\$15.3	\$15.7	\$16.2
County Total	\$84.7	\$87.3	\$90.0
Remainder of State	\$17.0	\$17.5	\$18.0
State Total	\$101.7	\$104.8	\$108.0

Economic Output (in \$ mil)			
Estimated Capture	Low	Mid	High
City	\$244.2	\$306.0	\$388.9
Remainder of County	\$70.0	\$87.7	\$111.5
County Total	\$314.2	\$393.7	\$500.4
Remainder of State	\$77.8	\$97.5	\$123.9
State Total	\$391.9	\$491.2	\$624.3

Note: Ongoing annual economic benefits at completion/stabilization. All amounts in 2015 dollars.

2.0 Methodology

This Analysis is based primarily on information provided by the Specific Plan applicant, City, Minnesota IMPLAN Group, San Diego County Property Tax Assessor's Office, California Department of Finance ("DOF"), California Board of Equalization ("BOE"), U.S. Census Bureau, U.S. Bureau of Labor Statistics "BLS", and ESRI.

2.1 General Assumptions

- Dollar amounts are expressed in 2015 dollars.
- Fiscal impacts are estimated at completion and stabilized occupancy.
- Construction employment figures are short-term, full-time equivalent ("FTE") jobs.
- Ongoing employment figures are permanent, FTE jobs..

2.2 Fiscal Revenue and Expenditure Analysis

2.2.1 Property Tax

Secured property tax revenues are estimated based on the anticipated assessed value of land and improvements (primarily the tourist-serving commercial component) upon completion and the applicable property tax rates for the County. The Site is located in County tax rate areas ("TRA") #09170 and #09000. The County general fund receives an approximate weighted average share of 23.4% of the annual 1.0% secured property tax general levy placed by the County on the assessed value of the property (~\$0.234 of each \$1.00 of secured property tax revenue) in within these TRAs.

Unsecured property taxes are collected based on the assessed value of real property not affixed to the underlying land, such as business fixtures, and some types of vehicles. The rate of taxation and apportionment is generally the same as for secured property taxes. For the purposes of this Analysis, the assessed value of unsecured property associated with the Specific Plan is estimated to be 5.0% of the assessed value of secured property, an industry average for commercial retail land uses.

2.2.2 Property Tax In-Lieu of VLF

Prior to 2004, a percentage of State motor VLF was distributed to cities and counties. In 2005, the State of California instituted a revenue swap, guaranteeing that municipalities and counties within California receive a distribution equal to the VLF collected the prior year, plus a percentage equal to the annual increase in assessed value. Property Tax In-Lieu of VLF is

estimated based on the incremental amount of assessed value that the Specific Plan will add to the City, thereby increasing the City's apportionment.

2.2.3 Real Property Transfer Tax

Property transfer tax revenue is estimated based on the expected average rate of turnover of property ownership of 5%, or approximately once every 20 years, estimated sales price, and the City's property transfer tax of 0.055% of gross sales price.

2.2.4 Possessory Interest Tax (Agricultural Uses on Open Space Parcel)

Under the current proposed scenario, wherein the open space component of the Specific Plan is donated to a land conservancy and an open space easement is created for the benefit of the City, a taxable user of land on the property, such as a revenue-generating agricultural use, would potentially be considered a "possessor," and the revenue-generating use (agriculture) would be assessed as a possessory interest for taxing purposes. Under this assumed scenario, possessory interest tax revenues are estimated based on the estimated assessed value of the agricultural uses on the open space parcel within the Specific Plan area and the applicable property / possessory interest tax rates, based on the TRA assumptions delineated in section 2.2.1 above.

2.2.5 Sales Tax (On-Site / Direct)

On-site / direct sales tax revenue projections are estimated based on the taxable sales generated on-site within the sales-generating components of the Specific Plan and the City's sales tax apportionment of 1.0%. Specific Plan components are projected to generate taxable sales based on estimated square-footages and standard sales-per-square-foot assumptions based on other similar projects by the Specific Plan applicant.

2.2.6 Sales Tax (Off-Site / Indirect)

Off-site / indirect sales tax revenue projections are estimated based on the taxable sales generated by the spending by employees off-site within the City. Employee spending is based on U.S. Bureau of Labor Statistics ("BLS") Consumer Expenditure Survey data, which provides spending habits of consumers based on household income. Capture rates for spending by residents and employees within the City are approximated by Kosmont based on preliminary evaluation of existing retail amenities within the local trade area.

2.2.7 “Multiplier” Revenues and Expenditures

Franchise tax, business license tax, and other fiscal revenues, as well as police, fire, and other fiscal expenditures are estimated on a per capita basis based on the City Fiscal Year 2014-2015 Budget and the relevant resident/employee population(s) within the City. For the purpose of revenue and expenditure budget allocation, total employees within the City (as estimated by ESRI) are multiplied by an equivalency factor of 0.5 to arrive at a number of equivalent residents to be considered along with actual City residents as the service population for City revenues and expenditures.

2.3 IMPLAN Modeling of Economic Benefits

This Analysis uses the IMPLAN (IMpact analysis for PLANning) econometric input/output model developed by the Minnesota IMPLAN Group to quantify the economic impact to the local region of the implementation and construction activity and operation of the Specific Plan components. This proprietary model estimates the economic benefits on the industries in a given geographic area and known economic inputs, such as construction costs and employee spending estimates. The model estimates direct, indirect, and induced benefits expressed in terms of increased spending (“economic output”), earnings (“labor income”), and job creation.

Direct benefits refer to the initial changes in total economic output, labor income, and employment resulting from expenditures and/or production value changes. Examples of direct benefits include expenditures made for construction activities necessary to build the Specific Plan components and the permanent on-site jobs created within the Specific Plan area.

Indirect benefits result from the purchases made in response to development and operation by the industries that supply required goods and services. Indirect benefits occur in industries indirectly affected by the construction and ongoing operation, such as manufacturing and wholesale trade services.

Induced benefits are the changes in local spending by households employed directly or indirectly in affected industry sectors and the resultant economic activity as a result of construction and ongoing employee spending.

Based on the existing business profile within the City and County as classified by North American Industry Classification System (NAICS) code, 100% of direct benefits are estimated to be captured on-Site within the City and County. 50% of indirect and induced benefits are estimated to be captured elsewhere within the County, and 10% of these County benefits are estimated to be captured within the City.

2.4 Impact and Related Fees

Major fees including building permit, plan check, public facilities, Bridge and Thoroughfare, and traffic impact fees in addition to other fees are estimated based on the City Master Fee Schedule and relevant estimated Specific Plan characteristics, such as building valuation (utilization City valuation multipliers) and anticipated generation of daily traffic trips as estimated by Specific Plan applicant's traffic engineer.

3.0 Fiscal and Economic Impacts

3.1 Annual Fiscal Impacts

The Specific Plan is estimated to generate annual fiscal revenues in the range of approximately \$4.1 to \$5.8 million, annual fiscal expenditures in the range of approximately \$1.4 to \$1.5 million, yielding an annual net fiscal impact (revenues net of expenditures) in the range of approximately \$2.7 to \$4.3 million to the City of Carlsbad. The range of potential impacts (expressed in this Analysis as “Low / Mid / High”) is attributed primarily to potential variation in on-site retail sales, development and tenant improvement costs, and other factors.

Primary general fund revenues include sales tax generated on-site of approximately \$2.6 to \$4.2 million and property tax of approximately \$989,100 to \$1.1 million. Primary general fund expenditures include police services of approximately \$339,900 to \$361,000, community services of approximately \$304,500 to \$323,300, and fire services of approximately \$221,300 to \$235,000.

To calculate the present value of future fiscal benefits to the City, the various general fund revenues and expenditures were projected for a 30-year period. Property tax (secured and unsecured), property tax in-lieu of VLF, real property transfer tax, and possessory interest tax were escalated using a 2% growth factor (statutory maximum). Sales and use tax and other revenue sources, as well as fiscal expenditure sources were escalated using a 3.0% growth factor. A discount rate of 6.0% was used to estimate the present value of future fiscal revenues. Table 3.1 summarizes the fiscal impacts from the Specific Plan.

3.2 Construction-Related Economic Benefits

Implementation and construction of the Specific Plan components is expected to generate approximately 4,485 to 4,974 “FTE” construction-related jobs, approximately \$284 to \$315 million in labor income (wages), and approximately \$626 to \$698 million in economic output (spending) in the region through direct, indirect, and induced economic activity as detailed in Table 3.2. The range of potential impacts (expressed in this Analysis as “Low / Mid / High”) is attributed primarily to potential variation development and tenant improvement costs.³

³ 100% of direct benefits are estimated to be captured on-Site within the City and County. 50% of indirect and induced benefits are estimated to be captured elsewhere within the County, and 10% of these benefits are estimated to be captured within the City.

3.3 Economic Benefits from Ongoing Operation

Ongoing operation of the Specific Plan components upon completion and stabilization is estimated by IMPLAN to generate approximately 2,298 to 2,440 FTE jobs, approximately \$102 to \$108 million in labor income, and approximately \$392 to \$624 million in economic output annually in the region through direct, indirect, and induced economic activity as delineated in Table 3.3. The range of potential impacts (expressed in this Analysis as “Low / Mid / High”) is attributed primarily to potential variation in on-site retail sales.⁴

3.4 Impact and Related Fees

It is estimated that the Specific Plan applicant will contribute approximately \$9.7 to \$11.3 million to the City in primary one-time impact and other mitigation-related fees as delineated in Table 3.4.

⁴ 100% of direct benefits are estimated to be captured on-Site within the City and County. 50% of indirect and induced benefits are estimated to be captured elsewhere within the County, and 10% of these benefits are estimated to be captured within the City.

Table 3.1: Summary of Fiscal Impacts from Specific Plan

Estimated Annual Total				Estimated Annual Growth	30-Year Nominal Total			30-Year Present Value*		
Low	Mid	High	Low		Mid	High	Low	Mid	High	
Primary Fiscal Revenues (General Fund)										
Property Tax (Secured & Unsecured)	\$989,100	\$1,044,900	\$1,100,600	2.0%	\$40,125,900	\$42,389,600	\$44,649,200	\$16,929,000	\$17,884,100	\$18,837,400
Property Tax In-Lieu of VLF	\$130,900	\$138,300	\$145,700	2.0%	\$5,310,400	\$5,610,600	\$5,910,800	\$2,240,400	\$2,367,100	\$2,493,700
Property Transfer Tax	\$11,100	\$11,700	\$12,300	2.0%	\$450,300	\$474,600	\$499,000	\$190,000	\$200,300	\$210,500
Possessory Interest Tax (Agriculture)	\$11,400	\$12,100	\$13,000	2.0%	\$462,500	\$490,900	\$527,400	\$195,100	\$207,100	\$222,500
Sales & Use Tax (On-Site / Direct)	\$2,624,000	\$3,288,400	\$4,179,700	3.0%	\$124,837,900	\$156,447,000	\$198,851,000	\$50,502,300	\$63,289,500	\$80,443,800
Sales & Use Tax (Off-Site / Indirect)**	\$36,600	\$37,700	\$38,800	3.0%	\$1,741,300	\$1,793,600	\$1,845,900	\$704,400	\$725,600	\$746,800
Franchise Tax	\$58,300	\$60,100	\$61,900	3.0%	\$2,773,600	\$2,859,300	\$2,944,900	\$1,122,100	\$1,156,700	\$1,191,300
Business License Tax	\$91,500	\$94,400	\$97,200	3.0%	\$4,353,200	\$4,491,100	\$4,624,300	\$1,761,000	\$1,816,900	\$1,870,700
Intergovernmental	\$11,400	\$11,800	\$12,100	3.0%	\$542,400	\$561,400	\$575,700	\$219,400	\$227,100	\$232,900
Licenses & Permits	\$20,400	\$21,000	\$21,700	3.0%	\$970,500	\$999,100	\$1,032,400	\$392,600	\$404,200	\$417,600
Charges for Services	\$83,400	\$86,000	\$88,600	3.0%	\$3,967,800	\$4,091,500	\$4,215,200	\$1,605,100	\$1,655,200	\$1,705,200
Fines and Forfeitures	\$7,900	\$8,200	\$8,400	3.0%	\$375,800	\$390,100	\$399,600	\$152,000	\$157,800	\$161,700
Interdepartmental Charges	\$43,500	\$44,800	\$46,200	3.0%	\$2,069,500	\$2,131,400	\$2,198,000	\$837,200	\$862,200	\$889,200
Miscellaneous / Other Revenues	\$10,100	\$10,400	\$10,700	3.0%	\$480,500	\$494,800	\$509,100	\$194,400	\$200,200	\$205,900
Estimated Total Fiscal Revenues	\$4,129,600	\$4,869,800	\$5,836,900		\$188,461,600	\$223,225,000	\$268,782,500	\$77,045,000	\$91,154,000	\$109,629,200
Primary Fiscal Expenditures (General Fund)										
Police	\$339,900	\$350,400	\$361,000	3.0%	\$16,170,900	\$16,670,400	\$17,174,700	\$6,541,800	\$6,743,900	\$6,947,900
Fire	\$221,300	\$228,200	\$235,000	3.0%	\$10,528,400	\$10,856,700	\$11,180,200	\$4,259,200	\$4,392,000	\$4,522,900
Community Services	\$304,500	\$313,900	\$323,300	3.0%	\$14,486,700	\$14,933,900	\$15,381,100	\$5,860,500	\$6,041,400	\$6,222,300
Public Works	\$183,000	\$188,700	\$194,400	3.0%	\$8,706,300	\$8,977,500	\$9,248,700	\$3,522,100	\$3,631,800	\$3,741,500
Community Development	\$103,800	\$107,000	\$110,200	3.0%	\$4,938,300	\$5,090,600	\$5,242,800	\$1,997,800	\$2,059,400	\$2,120,900
Miscellaneous / Non-Departmental	\$21,600	\$22,300	\$22,900	3.0%	\$1,027,600	\$1,060,900	\$1,089,500	\$415,700	\$429,200	\$440,700
Transfers	\$118,400	\$122,000	\$125,700	3.0%	\$5,632,900	\$5,804,200	\$5,980,200	\$2,278,800	\$2,348,000	\$2,419,300
Policy and Leadership Group	\$65,800	\$67,900	\$69,900	3.0%	\$3,130,500	\$3,230,400	\$3,325,500	\$1,266,400	\$1,306,800	\$1,345,300
Administrative Services	\$81,000	\$83,500	\$86,000	3.0%	\$3,853,600	\$3,972,500	\$4,091,500	\$1,559,000	\$1,607,100	\$1,655,200
Estimated Total Fiscal Expenditures	\$1,439,300	\$1,483,900	\$1,528,400		\$68,475,200	\$70,597,100	\$72,714,200	\$27,701,300	\$28,559,600	\$29,416,000
Estimated Net Fiscal Impact	\$2,690,300	\$3,385,900	\$4,308,500		\$119,986,400	\$152,627,900	\$196,068,300	\$49,343,700	\$62,594,400	\$80,213,200

Notes:* Present value discounted at 6%. ** Indirect sales tax from employee off-site spending only (does not include visitor spending)
Estimated impacts upon completion & stabilization. Opening year: 2018-19. All amounts in 2015 dollars.

Table 3.2: Summary of Construction-Related Economic Benefits

Employment (FTE)												
	Direct			Indirect			Induced			Total		
Estimated Capture	Low	Mid	High	Low	Mid	High	Low	Mid	High	Low	Mid	High
City	2,645	2,789	2,932	37	39	41	55	58	61	2,737	2,886	3,034
Remainder of County	0	0	0	336	354	373	492	519	546	828	873	919
County Total	2,645	2,789	2,932	373	394	414	547	577	607	3,565	3,759	3,953
Remainder of State	0	0	0	373	394	414	547	577	607	920	971	1,021
State Total	2,645	2,789	2,932	746	788	829	1,094	1,153	1,213	4,485	4,730	4,974

Labor Income (in \$ mil)												
	Direct			Indirect			Induced			Total		
Estimated Capture	Low	Mid	High	Low	Mid	High	Low	Mid	High	Low	Mid	High
City	\$181.3	\$191.1	\$201.0	\$2.3	\$2.4	\$2.5	\$2.9	\$3.0	\$3.2	\$186.4	\$196.5	\$206.7
Remainder of County	\$0.0	\$0.0	\$0.0	\$20.6	\$21.8	\$22.9	\$25.7	\$27.1	\$28.5	\$46.3	\$48.9	\$51.4
County Total	\$181.3	\$191.1	\$201.0	\$22.9	\$24.2	\$25.4	\$28.6	\$30.1	\$31.7	\$232.7	\$245.4	\$258.1
Remainder of State	\$0.0	\$0.0	\$0.0	\$22.9	\$24.2	\$25.4	\$28.6	\$30.1	\$31.7	\$51.5	\$54.3	\$57.1
State Total	\$181.3	\$191.1	\$201.0	\$45.8	\$48.4	\$50.9	\$57.1	\$60.2	\$63.3	\$284.2	\$299.7	\$315.2

Economic Output (in \$ mil)												
	Direct			Indirect			Induced			Total		
Estimated Capture	Low	Mid	High	Low	Mid	High	Low	Mid	High	Low	Mid	High
City	\$368.5	\$388.7	\$409.0	\$5.7	\$6.1	\$6.4	\$7.3	\$7.7	\$8.1	\$381.5	\$402.5	\$423.4
Remainder of County	\$0.0	\$0.0	\$0.0	\$51.7	\$54.5	\$57.4	\$65.6	\$69.1	\$72.7	\$117.3	\$123.7	\$130.1
County Total	\$368.5	\$388.7	\$409.0	\$57.4	\$60.6	\$63.8	\$72.8	\$76.8	\$80.8	\$498.7	\$526.1	\$553.5
Remainder of State	\$0.0	\$0.0	\$0.0	\$57.4	\$60.6	\$63.8	\$72.8	\$76.8	\$80.8	\$130.3	\$137.4	\$144.6
State Total	\$368.5	\$388.7	\$409.0	\$114.9	\$121.2	\$127.6	\$145.7	\$153.6	\$161.6	\$629.0	\$663.6	\$698.1

Notes: Benefits over estimated 20-month construction period. County capture assumed to be 100% of direct (on-site) benefits, 50% of indirect and induced benefits. City capture assumed to be 100% of direct (on-site) benefits, 10% of indirect and induced benefits within County. Opening year: 2018-19. All amounts in 2015 dollars.

Table 3.3: Summary of Economic Benefits from Ongoing Operation

Employment (FTE)												
	Direct			Indirect			Induced			Total		
Estimated Capture	Low	Mid	High	Low	Mid	High	Low	Mid	High	Low	Mid	High
City	1,690	1,742	1,795	11	11	12	20	20	21	1,721	1,774	1,827
Remainder of County	0	0	0	98	101	104	176	181	187	274	282	290
County Total	1,690	1,742	1,795	109	112	115	195	201	207	1,994	2,056	2,117
Remainder of State	0	0	0	109	112	115	195	201	207	304	313	323
State Total	1,690	1,742	1,795	217	224	231	391	403	415	2,298	2,369	2,440

Labor Income (in \$ mil)												
	Direct			Indirect			Induced			Total		
Estimated Capture	Low	Mid	High	Low	Mid	High	Low	Mid	High	Low	Mid	High
City	\$67.7	\$69.8	\$71.9	\$0.7	\$0.7	\$0.7	\$1.0	\$1.1	\$1.1	\$69.4	\$71.6	\$73.7
Remainder of County	\$0.0	\$0.0	\$0.0	\$6.1	\$6.3	\$6.5	\$9.2	\$9.5	\$9.8	\$15.3	\$15.7	\$16.2
County Total	\$67.7	\$69.8	\$71.9	\$6.8	\$7.0	\$7.2	\$10.2	\$10.5	\$10.8	\$84.7	\$87.3	\$90.0
Remainder of State	\$0.0	\$0.0	\$0.0	\$6.8	\$7.0	\$7.2	\$10.2	\$10.5	\$10.8	\$17.0	\$17.5	\$18.0
State Total	\$67.7	\$69.8	\$71.9	\$13.5	\$13.9	\$14.4	\$20.4	\$21.0	\$21.7	\$101.7	\$104.8	\$108.0

Economic Output (in \$ mil)												
	Direct			Indirect			Induced			Total		
Estimated Capture	Low	Mid	High	Low	Mid	High	Low	Mid	High	Low	Mid	High
City	\$236.4	\$296.3	\$376.6	\$3.1	\$3.9	\$5.0	\$4.7	\$5.8	\$7.4	\$244.2	\$306.0	\$388.9
Remainder of County	\$0.0	\$0.0	\$0.0	\$28.0	\$35.1	\$44.6	\$42.0	\$52.6	\$66.8	\$70.0	\$87.7	\$111.5
County Total	\$236.4	\$296.3	\$376.6	\$31.1	\$39.0	\$49.6	\$46.6	\$58.4	\$74.3	\$314.2	\$393.7	\$500.4
Remainder of State	\$0.0	\$0.0	\$0.0	\$31.1	\$39.0	\$49.6	\$46.6	\$58.4	\$74.3	\$77.8	\$97.5	\$123.9
State Total	\$236.4	\$296.3	\$376.6	\$62.3	\$78.0	\$99.2	\$93.2	\$116.9	\$148.5	\$391.9	\$491.2	\$624.3

Notes: Ongoing annual economic benefits at completion/stabilization. County capture assumed to be 100% of direct (on-site) benefits, 50% of indirect and induced benefits. City capture assumed to be 100% of direct (on-site) benefits, 10% of indirect and induced benefits within County. Opening year: 2018-19. All amounts in 2015 dollars.

Table 3.4: Estimated Primary Impact and Related Fees

	Low	Mid	High
Building Permit Fees	\$117,900	\$141,000	\$164,200
Building Plan Check Fees	\$82,500	\$98,700	\$114,900
Public Facilities Fees	\$2,046,900	\$2,453,500	\$2,860,200
Bridge and Thoroughfare District #3 Fees	\$4,619,000	\$4,819,000	\$5,019,000
Traffic Impact Fees	\$2,863,800	\$2,987,800	\$3,111,800
Estimated Building Permit / Plan Check / Impact Fees	\$9,730,100	\$10,500,000	\$11,270,100

Notes: All amounts in 2015 dollars.